

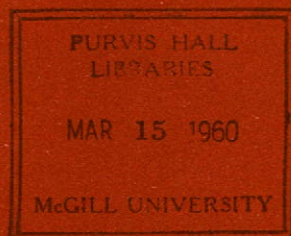


ANNUAL REPORT

SASKATCHEWAN GOVERNMENT

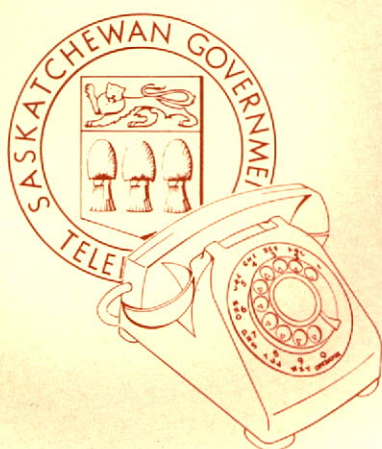
Telephones

1959





Long distance calls are placed with extra speed from nine Saskatchewan centres now on the distance dialling network. These Saskatoon operators key-pulse telephone numbers in distant cities throughout Canada and the United States without further assistance from other operators.



ANNUAL REPORT

SASKATCHEWAN GOVERNMENT

Telephones

FOR THE YEAR ENDED DECEMBER 31

1959

HEAD OFFICE: 2350 ALBERT STREET, REGINA, SASKATCHEWAN



Regina, Saskatchewan,
March 4, 1960.

To His Honour,
The Honourable Frank Lindsay Bastedo,
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, 1959, 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,

L. L. Williams

Minister of Telephones
and
Chairman,
Saskatchewan Government Telephones.

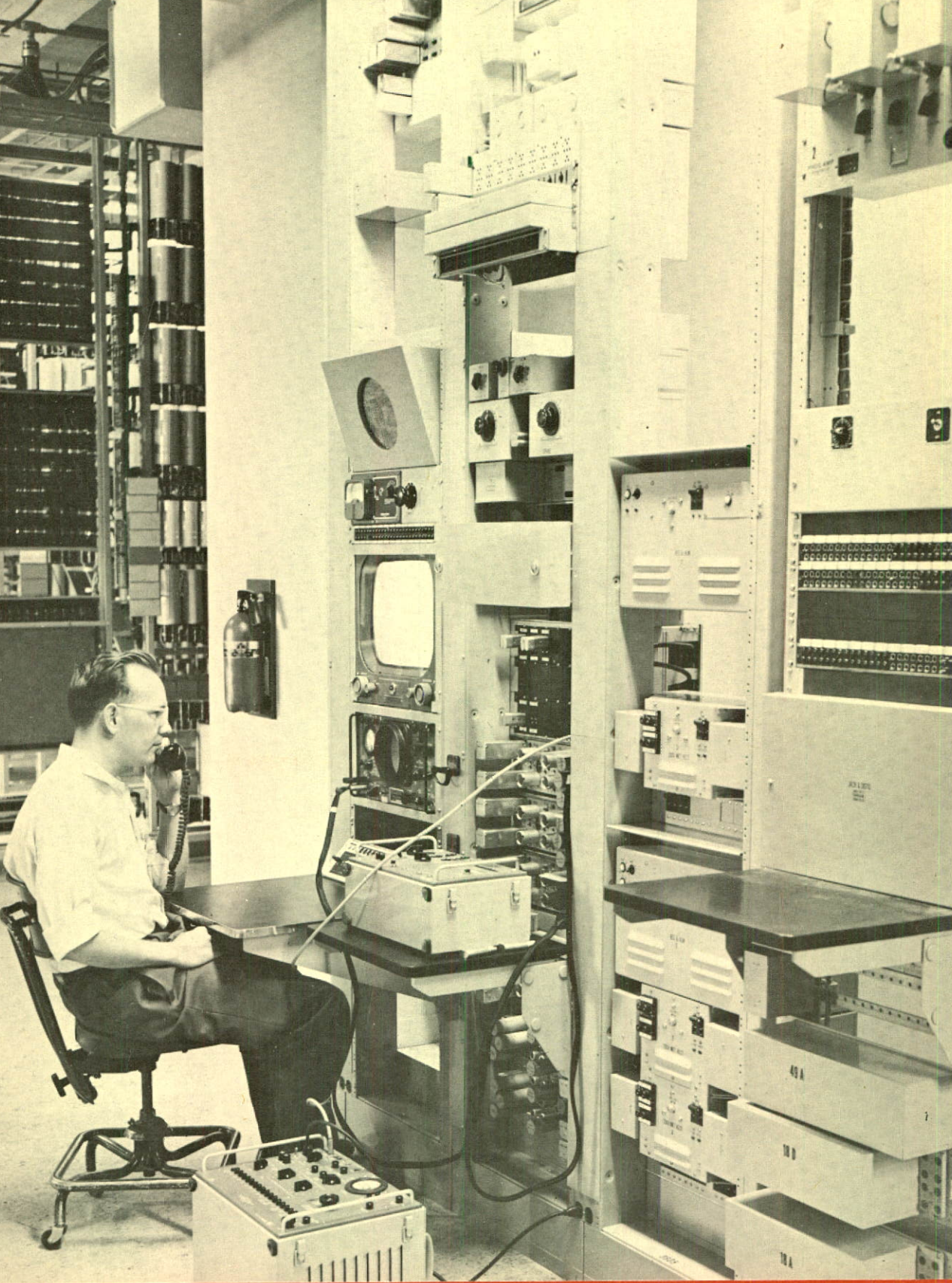
Board

HON. C. C. WILLIAMS, *Chairman.*
HON. R. A. WALKER, *Vice Chairman.*
D. H. F. BLACK, ESQ., Regina.
C. BROUGHTON, ESQ., Froude.
J. W. W. GRAHAM, ESQ., Weyburn.
D. D. TANSLEY, ESQ., Regina.
T. A. HOWE, ESQ., *Secretary of the Board.*

Management

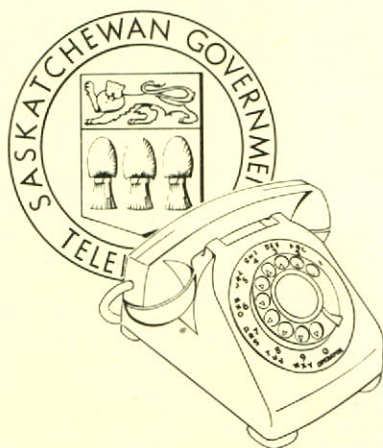
General Manager—S. B. MEDHURST. *
*Manager—Operations and
Engineering*—C. W. SPARROW. *
*Manager—Public and Employee
Relations*—G. W. R. CLARKE. *
Chief Engineer—S. F. LEE. *
General Plant Manager—
G. D. MCCORMICK.
General Commercial Manager—
R. D. MCLEOD. *
Comptroller—A. L. M. NELSON. *
General Traffic Manager—
T. J. PRIEST.

* appointments made in 1959.



With the completion of the microwave network in 1959 to Prince Albert, Moose Jaw and Yorkton, all six Saskatchewan stations were connected to the television network. Programs are monitored in S.G.T. centres (Moose Jaw pictured above) before being transmitted to the TV stations.

SASKATCHEWAN GOVERNMENT TELEPHONES



ANNUAL REPORT 1959

This report of Saskatchewan Government Telephones for the year 1959 is the 13th report as a Crown Corporation and covers the activities of the System in its fifty-first year.

THE year 1959 witnessed a marked increase in the use made of the communication facilities provided by the Corporation. Originating long distance traffic showed a significant rise over the previous year's level. The year's increase in the number of local telephones in service reached an unprecedented high in the history of the System. Encouraging trends were also noted in the increased use made of the System's other communication services.

Local Telephones

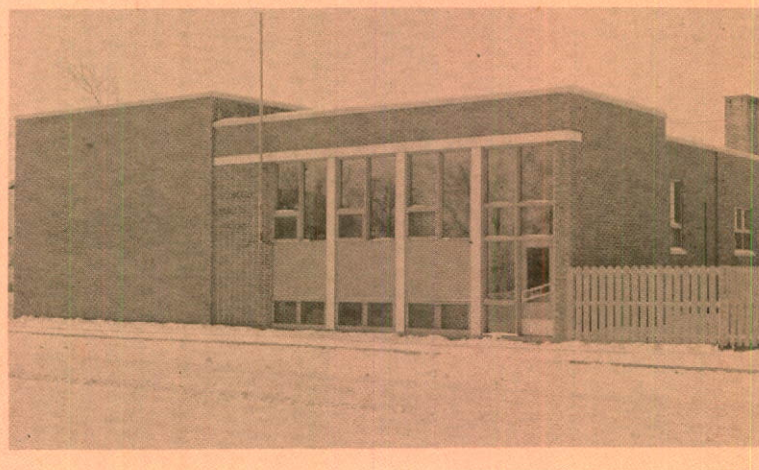
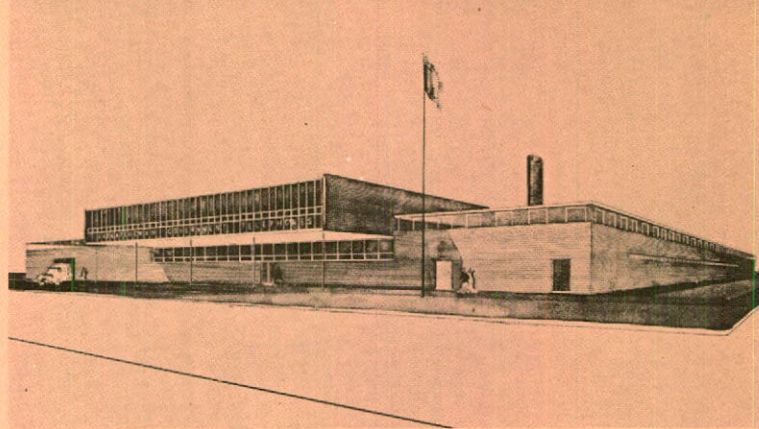
As at December 31, 1959, there were 172,769 System owned telephones in service. This compares with 159,555 at the end of 1958 and shows a record increase for the year of 13,214 telephones. The number of applicants waiting for service was reduced from 701 at January 1, 1959,

WAREHOUSE

This modern building, located on First Avenue in Regina, and officially opened August 11, 1959, now serves as warehouse, repair shop and training center for the entire province, and as work center for installation and construction forces in the Regina area.

CANORA

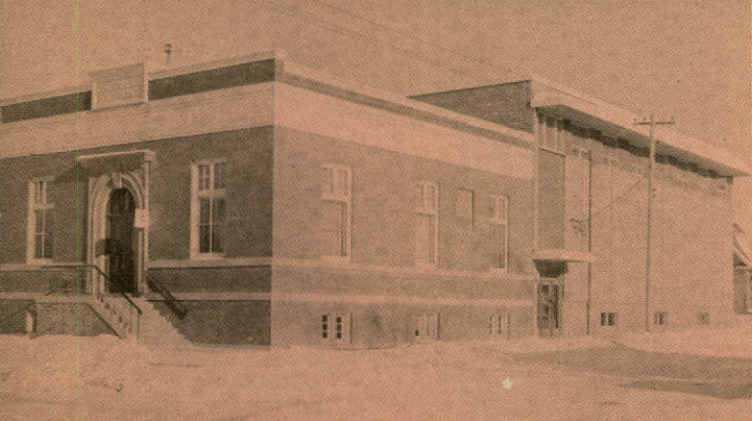
This striking new building, to house automatic switching equipment for Canora, was completed during the year. Conversion to "dial" at Canora is expected to take place in April, 1960.



to 283 at the 31st of December, 1959. It appears likely that this high level of demand for local telephone service will continue in the foreseeable future due to the continuing growth and diversification of the economy, the increase in population and the steady expansion of housing developments, particularly in the larger centres.

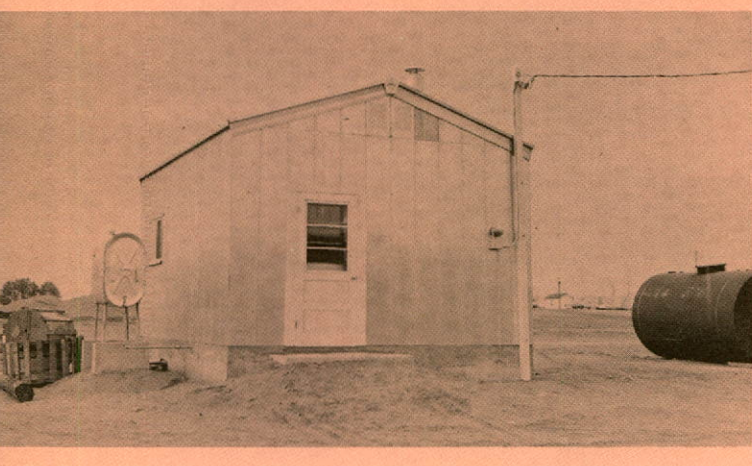
Provision of 24 hour service was extended to an additional 33 exchanges late in 1959 so that by the year end 93.6% of the System owned and rural telephones were receiving 24 hour service. As a result of a newly established policy, all centres of the province served by a local hospital or resident physician are now provided with 24 hour service. Thus the advantages of the telephone in times of emergency are ever-increasing throughout Saskatchewan.

The La Ronge telephone exchange was converted from manual to unattended automatic operation during the year. As at December 31, 1959, subscribers in 30 S.G.T. exchanges enjoyed automatic switching for local service, with 79.4% of the System owned telephones, or 137,189 operated by dial.



WEYBURN

A major addition to the Weyburn telephone building now houses a new long distance switchboard and provides space for extension to local dial switching equipment. Weyburn joined the operator distance dialling network late in 1959.



SOUTH SASKATCHEWAN RIVER DAM

Telephone equipment was quickly installed in this new building to bring local service to the South Saskatchewan River Dam project. The operators at Outlook switch long distance calls for this unattended office.

A new local unattended dial office was established at the site of the South Saskatchewan River Dam to provide the necessary communication facilities during the construction period. Long distance service to and from the Dam Site is handled by the telephone operators at Outlook, to which exchange this office is connected.

Long Distance

In 1959 a total of 9,729,999 long distance calls originated in Saskatchewan. This is an increase of 805,073 calls or 9.02% over 1958.

The increased volume of long distance traffic is primarily due to improved economic conditions prevailing generally during 1959, the increased number of local telephones in use, and additional long distance facilities which provide faster service and an improved quality of transmission.

Weyburn was converted to become a part of the continent-wide operator distance dialling network. The installation during 1959 of the necessary equipment at Calgary and Vancouver further extended the benefits of distance dialling to Saskatchewan subscribers.

During the year that portion of the microwave network used for television transmission was extended to Moose Jaw, Prince Albert and Yorkton. As a result, all six television stations in Saskatchewan are now connected to the national network.

An additional microwave channel was installed on the microwave network between Calgary and Grenfell. This time delay channel enables the Saskatchewan television audience to enjoy programs originating in Eastern Canada at the same local time that these programs are broadcast in the East.

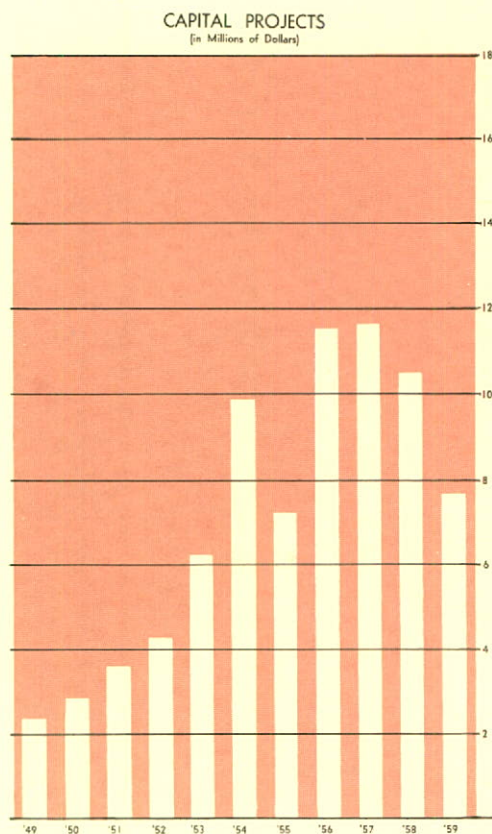
Additional long distance circuits were completed during the year, over 80% of which were provided by relatively inexpensive extensions to the existing microwave network. The available long distance circuit mileage in the province was increased by approximately one-third over that in service at December 31, 1958.

Mobile Telephone Service

Encouraging gains have been made in the provision of mobile telephone services. At December 31, 1959, 268 mobile telephones were in operation. This compares with 206 telephones at the previous year end.

Three types of mobile radiophone service, known as general mobile, private mobile and direct despatch, are now provided by Saskatchewan Government Telephones.

General mobile service provides a subscriber with voice communication between his vehicle and any installed

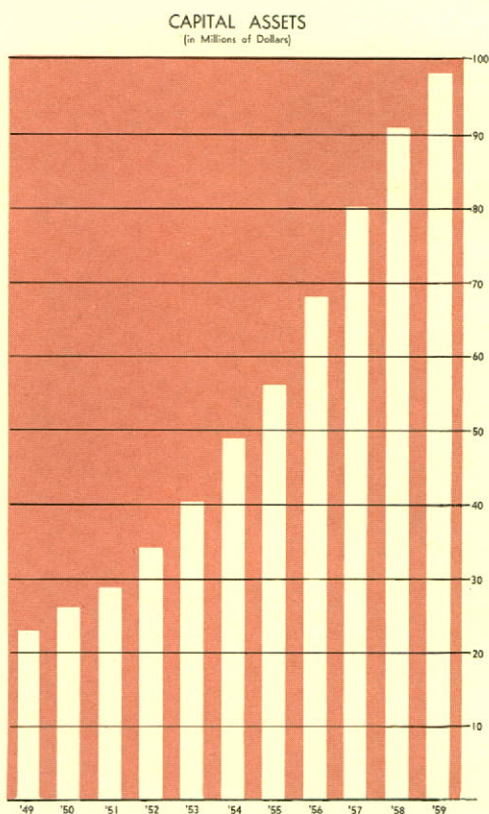


telephone. At the present time this type of service is available in the Oxbow area.

Private mobile provides private voice communication facilities between mobile telephones and a base station operated by the subscriber. This type of service is of primary value to transportation companies in controlling the movement of their vehicles.

Direct despatch service is similar to private mobile service except that the base station is operated by Saskatchewan Government Telephones and the mobile service provided is available to many subscribers each having several mobile stations. This service was first introduced in the province at Regina and Saskatoon during the year under review.

Rural Telephones



As 1959 drew to a close there were 861 rural telephone companies for which the System provides local and long distance switching facilities. Of the 50,568 rural telephones, 41,921 or 82.9% are being provided service on a 24 hour basis.

There are also a few rural and three independent companies who provide their own switching facilities. Although accurate figures are as yet unavailable, estimates indicate that there are approximately 7,300 such telephones in service. A more detailed report covering non-system telephones is shown in the report of the Department of Telephones.

Construction Program

With a continuing high level of demand for local and long distance service it has been necessary to maintain capital expenditures at a relatively high level. During 1959, a total of \$8,442,938 was spent on telephone plant, which, after allowing for plant removed from service, increased the investment in fixed assets to \$98,312,834 at the year end.

In Regina, a new multi-purpose building to provide much needed warehouse space and accommodation for expanding technical services was completed during the year.

Sufficient space is now available to provide adequate storage for materials and supplies. New techniques facilitate the efficient handling in the receiving and shipping of materials for use in the Corporation's province-wide construction and maintenance programs. Also housed in the building is the System's Repair Shop where telephones are reconditioned, manual switchboards built and teletype machines maintained, etc. The Corporation's technical training centre occupies still another portion of the building. Room is also provided for the offices and garage requirements of the city's installation and construction forces.

Financial

The financial statements included in this report show that the net income for 1959, after interest, was \$1,614,056, compared with \$1,178,699 for the previous year. Total operating revenues amounted to \$18,880,755, an increase of \$2,209,828 over that of 1958. This revenue increase is largely accounted for by a gain of \$1,401,526 in long distance revenue and a gain of \$751,601 in local service revenues. Major factors contributing to these increased revenues are the greater number of local telephones now in use and the increasing volume of long distance calls, made possible by the major extensions of long distance facilities installed over the past few years.

Operating expenses amounted to \$14,807,306 compared with \$13,364,100 for the previous year. Higher depreciation charges and increasing wage and material costs, coupled with the increase in volume of local and

long distance services, accounted for the major portion of this increase. The increase in commissions paid to agency offices, which became effective late in 1958, was a further contributing factor.

Fixed charges increased by \$541,481 accounted for mainly by increased interest costs due to added loan capital in financing capital construction expenditures.

Grants in lieu of taxes totalling \$206,387 were paid to municipalities during the year. A grant was made to each municipality in which Corporation property is located, and the amount of the grant is determined by applying the current mill rate to the assessed value of the property.

Employees

The accomplishments of the year were possible only through loyal and devoted service of all employees, which is gratefully acknowledged.

The number of employees remained almost constant throughout the year. At December 31, 1959, there were 1993 employees, a decrease of 9 from the previous year.

Continuous programs of training, to develop the personnel skills necessary for the use of the modern equipment and methods being introduced, were carried on.

Changes in Management

Mr. S. R. Muirhead, with the Corporation for over 43 years, retired as General Manager on September 30th, 1959.

Mr. S. B. Medhurst succeeded Mr. Muirhead in the office of General Manager on October 1st. Mr. Medhurst, who joined Saskatchewan Government Telephones in 1919, previously held the position of Manager—Operations and Engineering.

Other changes in management personnel and titles are indicated on Page 3 of this report.

Plans for 1960

The addition of dial switching equipment at sixteen points*; the establishment of six new automatic exchanges, and the extension of operator distance dialling to ten Saskatchewan exchanges, will highlight the System's expansion program for 1960.

Canora will be converted to dial operation in the spring of 1960, and Meadow Lake and Outlook will be ready for conversion at the year end. Each will be a toll centre and will be staffed with long distance operators. Unity, Wilkie and Battleford are also scheduled for year end conversion, but will be served by the long distance operators on an expanded switchboard at North Battleford. These six new automatic offices, along with Yorkton, Humboldt, Kindersley and North Battleford, are scheduled to be connected to the operator distance dialling network within the next twelve months.

Other activities will include local and long distance telephone service for the Saskatchewan Power Corporation's power development at Squaw Rapids, building extensions to house additional local and long distance equipment at Prince Albert and Assiniboia, and the extension of multiplex facilities to provide 60 additional long distance circuits from Regina to Winnipeg and 24 new circuits Regina-Calgary.

* Assiniboia, Estevan, Eston, Humboldt, Kamsack, Kindersley, La Ronge, Melville, Nipawin, North Battleford, Prince Albert, Regina, Saskatoon, Tisdale, Wynyard, Yorkton.

Auditor's Report

Pursuant to the provisions of the Saskatchewan Government Telephones Act, an examination of the accounts and records of the Saskatchewan Government Telephones has been made under my direction for the fiscal year ended December 31, 1959. All the information and explanations required by me have been obtained. The examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as was considered necessary in the circumstances.

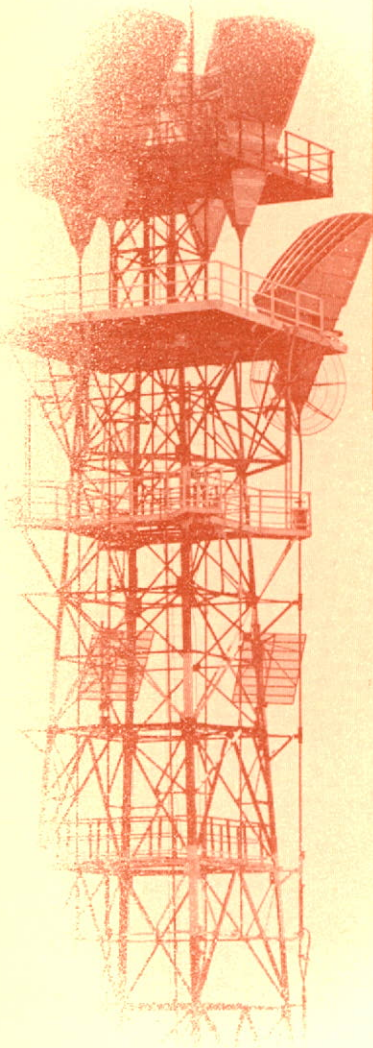
Securities held for Rural Telephone Companies in connection with the investment of Special Levy Funds have been verified by examination and are shown in a separate statement.

Provision has been made for depreciation of buildings, plant and equipment in accordance with regulations made by the Lieutenant Governor in Council pursuant to Section 34 of the Saskatchewan Government Telephones Act. Full provision has been made for interest on capital advances.

I report that, in my opinion, the accompanying Balance Sheet and Statement of Income 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, 1959, and the results of its operations for the year ended on that date, according to the best of my information and the explanations given to me and as shown by the books of account of the Corporation.

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

Regina, Saskatchewan,
February 18, 1960.



BALANCE SHEET



ASSETS

CAPITAL ASSETS	1959	1958
Land and Buildings	\$11,375,473	\$ 9,732,812
Telephone Plant and Equipment	86,412,843	78,644,480
	<u>\$97,788,316</u>	<u>\$88,377,292</u>
Less: Accumulated Depreciation	23,623,596	20,171,865
	<u>\$74,164,720</u>	<u>\$68,205,427</u>
Construction in progress	524,518	2,252,568
TOTAL CAPITAL ASSETS	<u>\$74,689,238</u>	<u>\$70,457,995</u>
SINKING FUNDS		
Equity in Government of Saskatchewan Sinking Funds	\$ 6,361,560	\$ 4,768,393
CURRENT ASSETS		
Cash and Temporary Cash Investments	\$ 6,970,912	\$ 2,296,290
Material and Supplies (at cost)	3,012,581	3,199,928
Accounts Receivable (less allowance for doubtful accounts)	2,094,712	1,642,899
TOTAL CURRENT ASSETS	<u>\$12,078,205</u>	<u>\$ 7,139,117</u>
DEFERRED CHARGES		
Prepayments (Insurance, Directories, etc.)	\$ 196,853	\$ 178,260
Unamortized Discount and Expense on Government Advances	1,181,648	1,056,758
Deferred Maintenance Charges	431,122	161,636
Other Deferred Charges	14,529	85,621
TOTAL DEFERRED CHARGES	<u>\$ 1,824,152</u>	<u>\$ 1,482,275</u>
	<u>\$94,953,155</u>	<u>\$83,847,780</u>

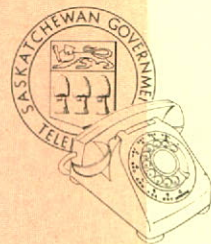
AS AT DECEMBER 31st 1959 (1958)

LIABILITIES

CAPITAL LIABILITIES AND SURPLUS	1959	1958
Liability for Advances made by Government of Saskatchewan	\$73,688,229	\$63,066,938
Surplus—Accumulated Appropriations for Capital Expenditures	18,489,190	18,489,190
TOTAL CAPITAL LIABILITIES AND SURPLUS	<u>\$92,177,419</u>	<u>\$81,556,128</u>
 CURRENT AND ACCRUED LIABILITIES		
Interest Accrued on Government Advances	\$ 631,633	\$ 533,032
Accounts Payable	76,528	204,829
Dividend—Government of Saskatchewan	1,614,056	1,118,388
Service Billed in Advance	265,666	239,458
TOTAL CURRENT AND ACCRUED LIABILITIES	<u>\$ 2,587,883</u>	<u>\$ 2,095,707</u>
 RESERVES AND DEFERRED CREDITS		
Reserve for Fire Losses	\$ 10,000	\$ 10,000
Provision for Exchange on Bonds Payable in New York	140,500	140,500
Other Deferred Credits	37,353	45,445
TOTAL RESERVES AND DEFERRED CREDITS	<u>\$ 187,853</u>	<u>\$ 195,945</u>
	<u><u>\$94,953,155</u></u>	<u><u>\$83,847,780</u></u>

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1959 (1958)



	1959	1958
OPERATING REVENUES		
Local Service	\$ 7,651,826	\$ 6,900,225
Rural Companies Connecting Fees	366,479	342,776
Toll Service	10,696,786	9,295,260
Miscellaneous	207,845	174,448
	<u>\$18,922,936</u>	<u>\$16,712,709</u>
Less: Provision for Uncollectible Accounts	42,181	41,782
TOTAL OPERATING REVENUES	<u>\$18,880,755</u>	<u>\$16,670,927</u>
OPERATING EXPENSES		
Maintenance	\$ 3,769,411	\$ 3,198,095
Traffic	4,376,934	4,142,137
Commercial	1,520,345	1,392,485
Depreciation	4,009,609	3,511,079
General Administration	476,118	501,663
Superannuation and Workmen's Compensation Expense	326,249	315,194
Insurance	48,848	44,430
Other Operating Expenses	155,177	156,331
Rural Organization and Inspection	124,615	102,686
TOTAL OPERATING EXPENSES	<u>\$14,807,306</u>	<u>\$13,364,100</u>
NET OPERATING REVENUE	<u>\$ 4,073,449</u>	<u>\$ 3,306,827</u>
OTHER INCOME		
Interest and Miscellaneous	\$ 383,187	\$ 230,197
Sinking Fund Interest	345,143	287,917
	<u>\$ 728,330</u>	<u>\$ 518,114</u>
	<u>\$ 4,801,779</u>	<u>\$ 3,824,941</u>
FIXED CHARGES		
Grants in Lieu of Taxes	\$ 206,387	\$ 192,744
Interest and Exchange on Government Advances	2,928,853	2,388,541
Amortization of Discount on Government Advances Outstanding	86,958	89,527
Other Fixed Charges	— 34,475	— 24,570
	<u>\$ 3,187,723</u>	<u>\$ 2,646,242</u>
NET INCOME FOR YEAR	<u>\$ 1,614,056</u>	<u>\$ 1,178,699</u>
DISPOSITION OF NET INCOME FOR YEAR		
Proportion of Debt Discount and Expense on Government Advances Retired	\$	\$ 60,311
Dividend—Government of Saskatchewan	1,614,056	1,118,388
	<u>\$ 1,614,056</u>	<u>\$ 1,178,699</u>

SCHEDULE OF CAPITAL ASSETS

AS AT DECEMBER 31, 1959

	December 31, 1958	Increase for Year Ended December 31, 1959	December 31, 1959
Land	\$ 684,833	\$ 11,852	\$ 696,685
Right of Way	5,854	35	5,889
Buildings	9,042,125	1,630,774	10,672,899
Exchange Plant	60,906,477	6,998,034	67,904,511
Toll Plant	15,967,275	601,857	16,569,132
Construction in Progress	2,252,568	—1,728,050	524,518
Office Furniture and Fixtures	364,384	46,829	411,213
Mechanical Office Equipment	226,627	11,469	238,096
Tools in Use	635,724	72,376	708,100
Vehicles	543,993	37,798	581,791
	<hr/>	<hr/>	<hr/>
TOTAL CAPITAL ASSETS	\$90,629,860	\$ 7,682,974	\$98,312,834
	<hr/>	<hr/>	<hr/>

STATISTICS 1910 - 1959

SASKATCHEWAN GOVERNMENT

A DEPARTMENT OF GOVERNMENT (YEAR END)

	1910	1916	1926	1931	1936
Number of Telephones					
System Owned	3,412**	15,677	32,852	39,768	32,811
Rural Company Owned (Connecting to System)	2,298	9,196	41,389	39,303	31,371
TOTAL	5,710	24,873	74,241	79,071	64,182
Percent Dial (System)	0%	48%	57%	63%	71%
Number of System Offices					
Exchanges	20**	104	304	313	314
Toll Stations	100**	213	153	177	202
TOTAL	120**	317	457	490	516
Long Distance Messages*					
Origin in Saskatchewan	281,851***	1,179,169	3,082,086	3,000,025	1,934,361
Increase over previous Fiscal year		31.6%	15.7%	13.9%	- 10.0%
Finance					
Capital Assets—(Land, Plant and Equipment)		\$ 5,270,932	\$10,955,661	\$14,661,291	\$14,946,506
Total Revenue*		\$ 779,650	\$ 2,341,829	\$ 2,826,227	\$ 2,032,483
Total Expense*		\$ 779,650	\$ 2,341,829	\$ 2,713,919	\$ 2,049,832
Net Income*				\$ 112,308	\$ -17,349
Employees					
Men					
Women					
TOTAL					
Total Payroll*					

* For the year

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

*** For year ending February 28th, 1911

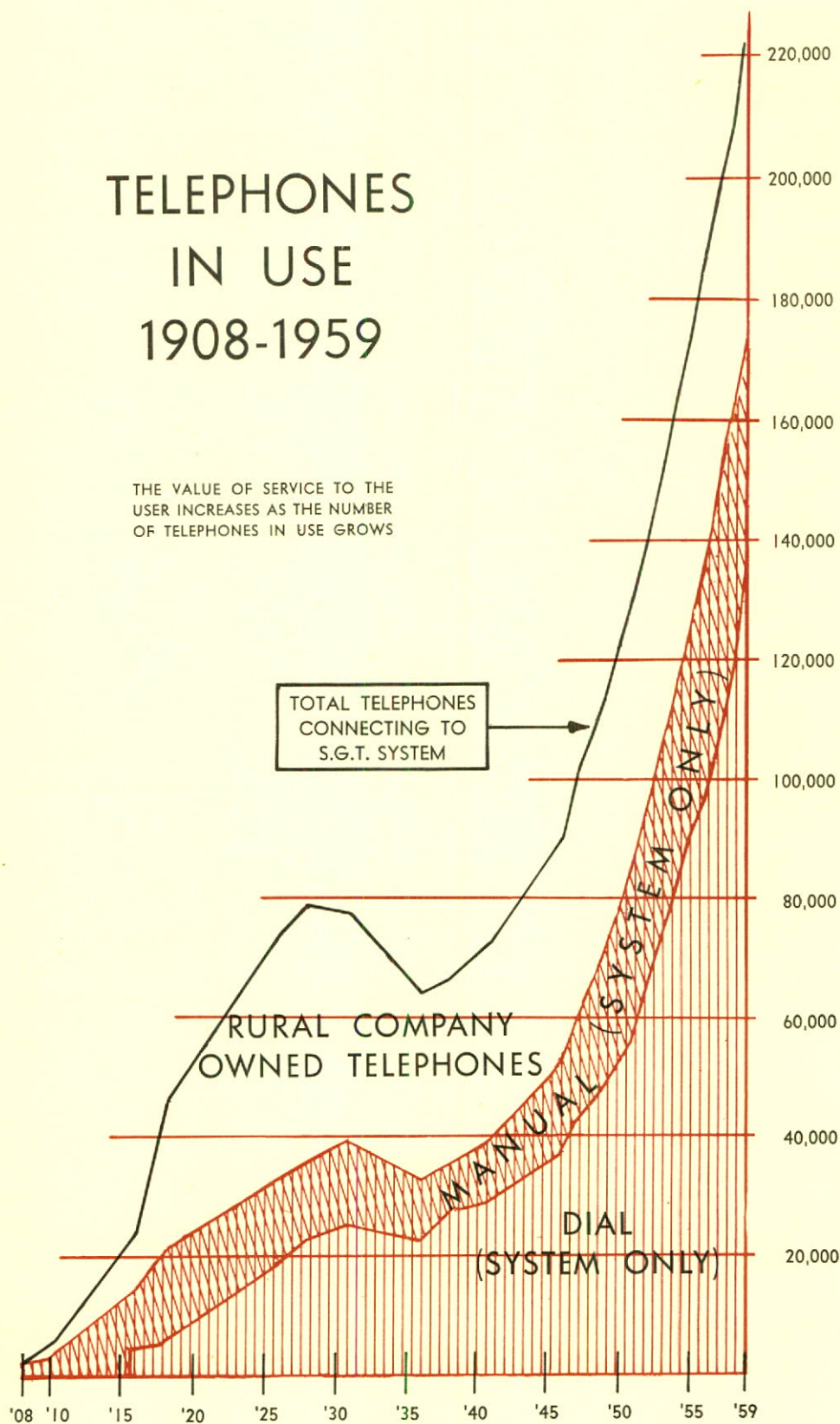
VERNMENT TELEPHONES

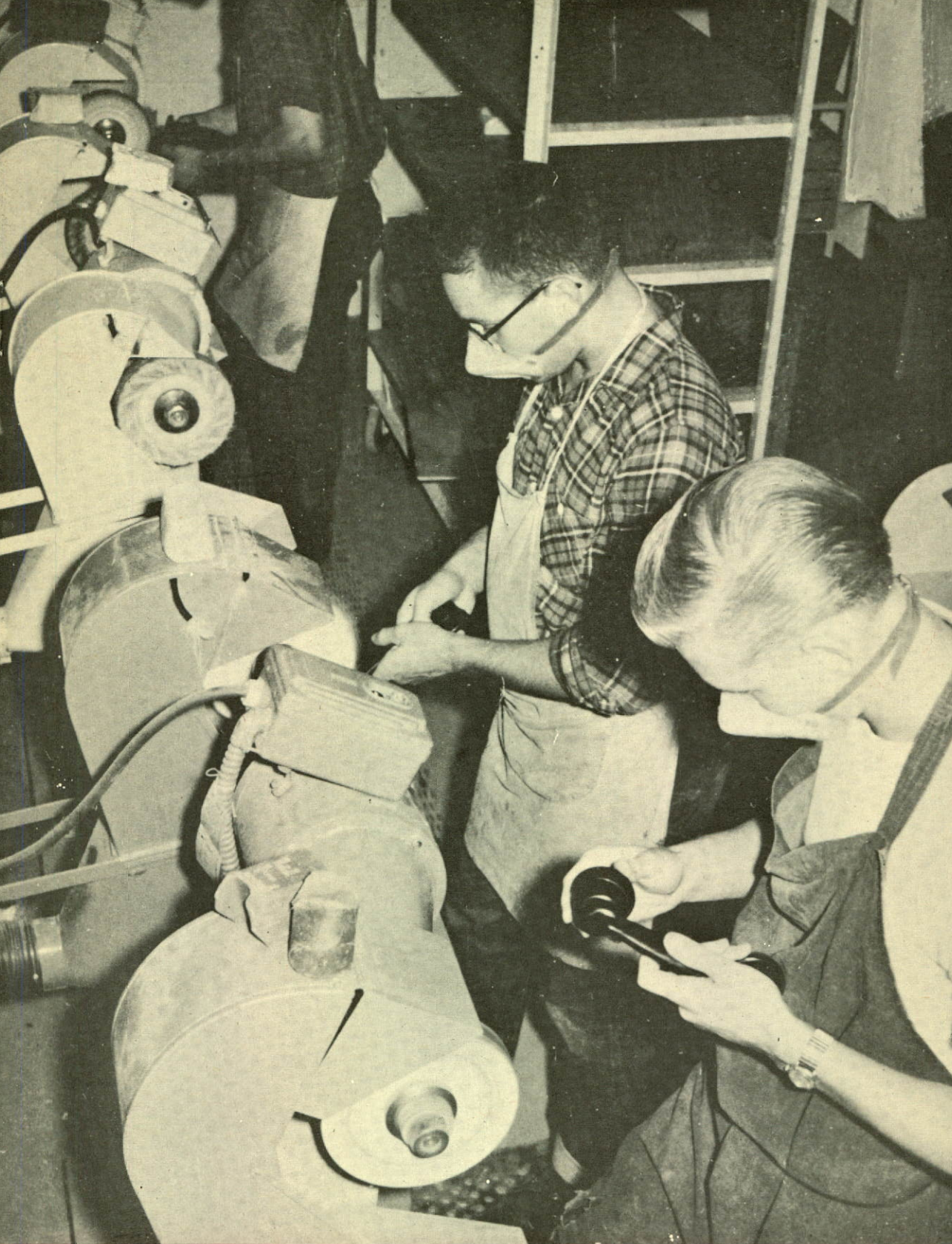


APRIL 30th)		A CROWN CORPORATION SINCE 1946. (YEAR END DECEMBER 31st)					
1941	1946	1951	1955	1956	1957	1958	1959
39,276 33,555 72,831 74%	52,346 39,278 91,624 72%	85,455 46,039 131,494 73%	124,155 50,262 174,417 77.6%	135,561 50,600 186,161 78.2%	147,395 50,316 197,711 78.9%	159,555 50,682 210,237 79.7%	172,769 50,568 223,337 79.4%
316 237 553	330 230 560	352 199 551	360 171 531	363 162 525	362 153 515	362 141 503	364 136 500
2,433,287 5.3%	4,122,878 13.1%	6,226,042 9.4%	7,656,444 4.4%	8,399,420 9.7%	8,504,381 1.2%	8,924,926 4.9%	9,729,999 9.02%
\$15,518,315 \$ 2,640,096 \$ 2,472,235 \$ 167,861	\$17,028,686 \$ 4,109,297 \$ 3,208,075 \$ 901,222	\$29,741,280 \$ 7,395,313 \$ 5,830,899 \$ 1,564,414	\$56,721,260 \$12,614,815 \$10,123,618 \$ 2,491,197	\$68,335,398 \$14,277,869 \$11,512,233 \$2,765,636	\$80,048,348 \$15,738,796 \$13,850,228 \$ 1,888,568	\$90,629,860 \$17,230,824 \$16,052,125 \$ 1,178,699	\$98,312,834 \$19,651,266 \$18,037,210 \$ 1,614,056
	367 637 1004	539 997 1536	725 1105 1830	747 1153 1900	833 1220 2053	868 1134 2002	904 1089 1993
	\$ 1,496,626	\$ 3,482,310	\$ 5,524,859	\$ 6,079,561	\$ 6,763,601	\$ 7,288,771	\$ 8,090,317

TELEPHONES IN USE 1908-1959

THE VALUE OF SERVICE TO THE
USER INCREASES AS THE NUMBER
OF TELEPHONES IN USE GROWS





The repair of recovered telephone sets is part of a continuous process which keeps telephones throughout the province in proper working order. Here, workmen, in the repair shop in S.G.T.'s new First Avenue Building, Regina, clean and polish sets brought in for reconditioning.

A MEMBER OF THE TRANS-CANADA TELEPHONE SYSTEM

FIFTY-FIRST YEAR OF TELEPHONE SERVICE ●

