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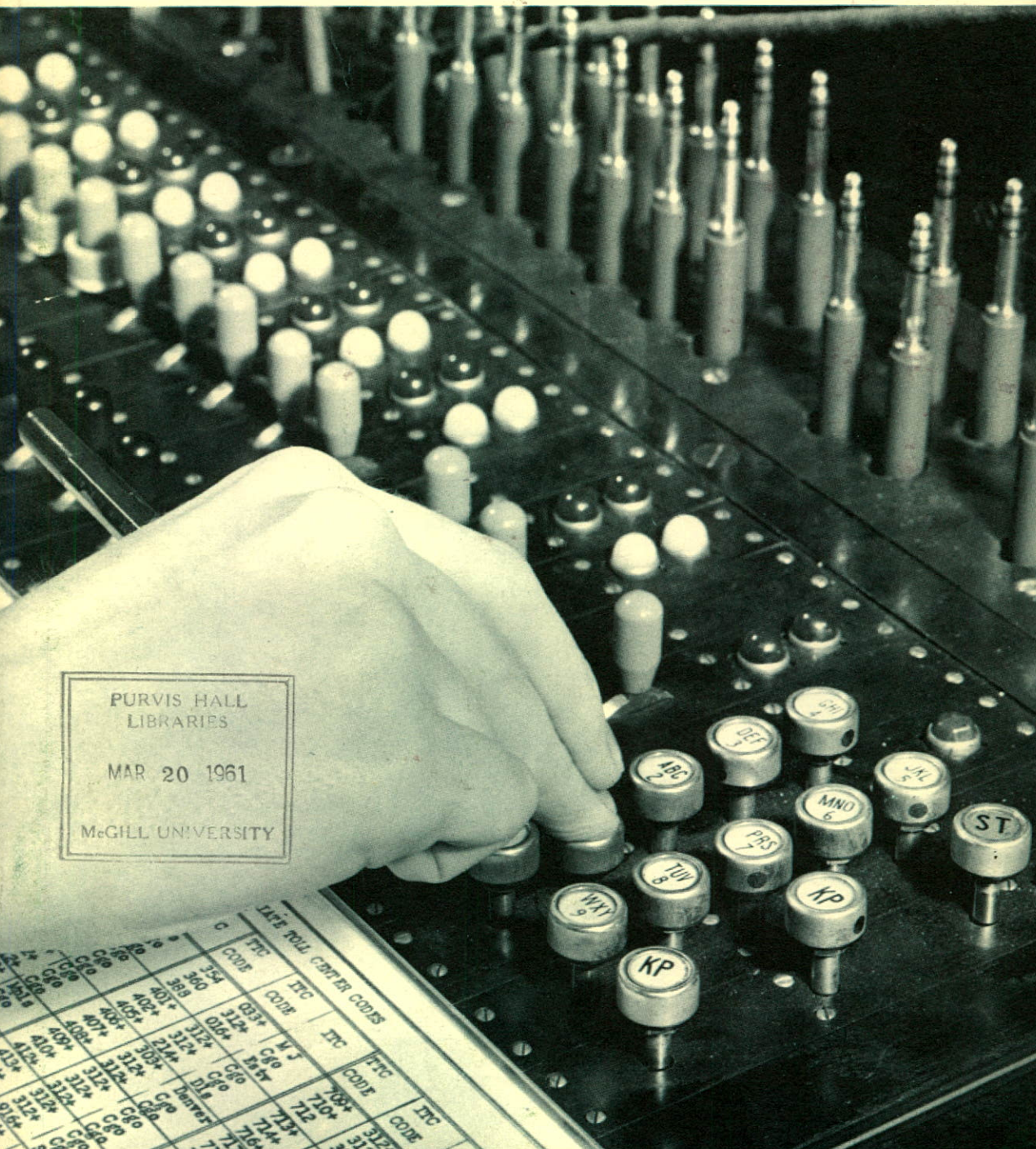
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ANNUAL REPORT

SASKATCHEWAN GOVERNMENT

Telephones

1960



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McGILL UNIVERSITY

LIFE TOLL CENTER CODES											
C	TTC	CODE	TTC	C	TTC	CODE	TTC	C	TTC	CODE	TTC
354	033+	W J	708+	312+	033+	W J	708+	312+	033+	W J	708+
380	112+	W J	710+	312+	112+	W J	710+	312+	112+	W J	710+
388	016+	W J	712+	312+	016+	W J	712+	312+	016+	W J	712+
401+	312+	W J	714+	312+	312+	W J	714+	312+	312+	W J	714+
402+	312+	W J	716+	312+	312+	W J	716+	312+	312+	W J	716+
403+	312+	W J	718+	312+	312+	W J	718+	312+	312+	W J	718+
404+	312+	W J	720+	312+	312+	W J	720+	312+	312+	W J	720+
405+	312+	W J	722+	312+	312+	W J	722+	312+	312+	W J	722+
406+	312+	W J	724+	312+	312+	W J	724+	312+	312+	W J	724+
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410+	312+	W J	732+	312+	312+	W J	732+	312+	312+	W J	732+
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412+	312+	W J	736+	312+	312+	W J	736+	312+	312+	W J	736+
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443+	312+	W J	798+	312+	312+	W J	798+	312+	312+	W J	798+
444+	312+	W J	800+	312+	312+	W J	800+	312+	312+	W J	800+
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516+	312+	W J	944+	312+	312+	W J	944+	312+	312+	W J	944+
517+	312+	W J	946+	312+	312+	W J	946+	312+	312+	W J	946+



Every year our customers make more long distance calls. To speed them on their way, operators in our larger centers key-pulse the number of the called telephone.

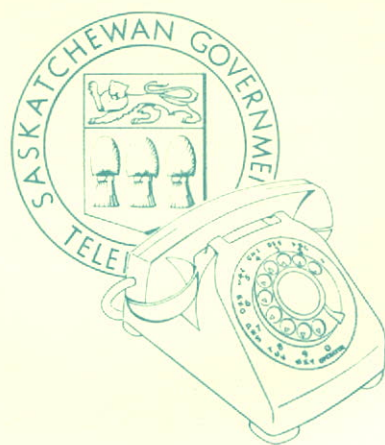
ANNUAL REPORT

SASKATCHEWAN GOVERNMENT

Telephones

FOR THE YEAR ENDED DECEMBER 31

1960



HEAD OFFICE: 2350 ALBERT STREET, REGINA, SASKATCHEWAN



Regina, Saskatchewan,
March 6th, 1961.

To his Honour,
The Honourable Frank Lindsay Bastedo,
Lieutenant Governor of the Province of Saskatchewan.

Sir:

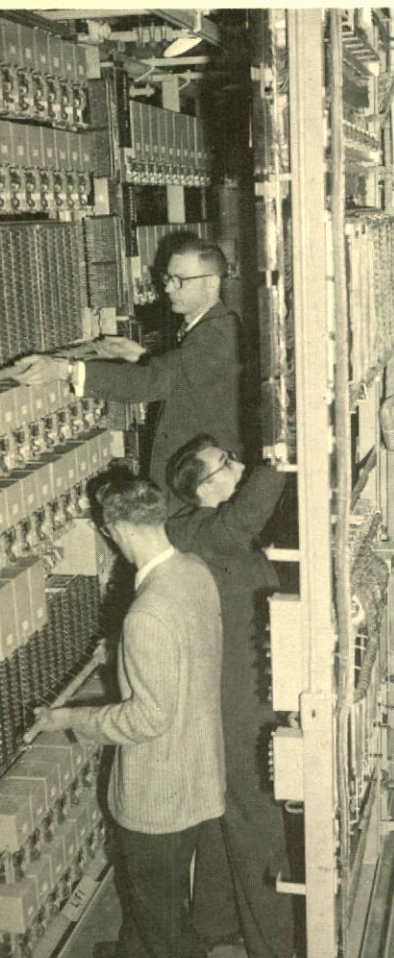
I have the honour to submit herewith the annual report of Saskatchewan Government Telephones for the year ending December 31, 1960, including the financial statement therefor, duly certified by the Provincial Auditor of Utilities and in the form approved by the Treasury Board, all in accordance with 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

Management

General Manager.....	S. B. MEDHURST
Manager— Operations and Engineering.....	C. W. SPARROW
Manager— Public & Employee Relations.....	G. W. R. CLARKE
General Counsel and Secretary of the Board.....	T. A. HOWE
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



Operators assigned to Rate and Route desks quote long distance rates to customers and other operators as well as routes to operators handling traffic to infrequently called points. Customers, who give the Area Code and the number of the telephone they are calling have their calls placed without reference to these desks.

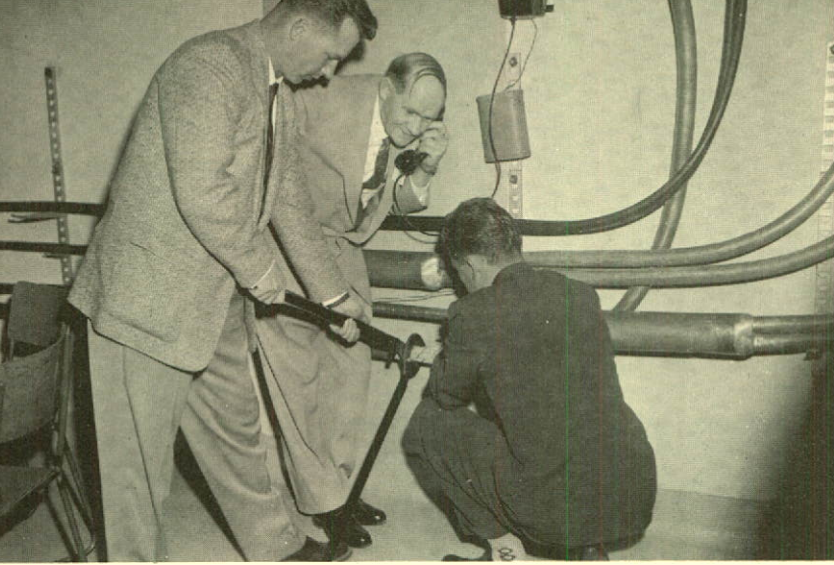
ANNUAL REPORT 1960

This report of Saskatchewan Government Telephones for the year 1960 is the 14th report as a Crown Corporation and covers the activities of the System in its fifty-second year.

THE Corporation has completed a year of continued growth and progress in many directions. Over 10,000 additional telephones were installed during 1960. Long distance business reached an all time high of 10,000,000 calls. This includes a record of over 1,000,000 calls during the month of August.

Two programs of major significance to Saskatchewan telephone users were announced. All manual telephones connected to the switching facilities of the Corporation will be converted to dial operation within the next 10 years. Basic studies for the introduction of Customer Distance Dialling for the major centers of Saskatchewan were undertaken during the past year.

The administrative structures of the Corporation was reorganized during the year.



The cutting of this cable took the manual telephones at Canora out of service and marked the commencement of dial operation.

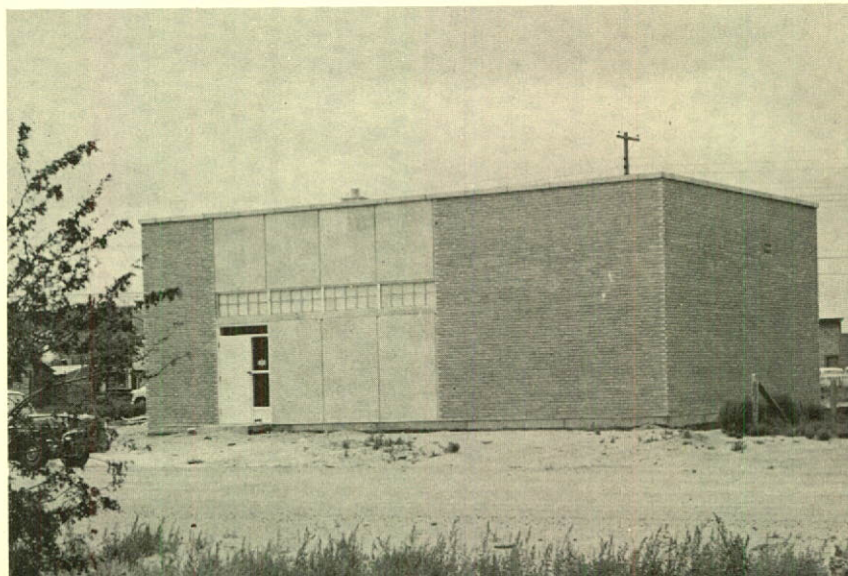
Local Telephones

The increase during 1960 of 10,532 local telephones brought the total in service to 183,301. Of this total 146,010 or 79.7% are dial operated. This includes 22,998 coloured telephones.

During 1960 Battleford was converted to dial operation. The Battleford exchange was interconnected with the North Battleford exchange to provide dial service between these adjacent communities. Battleford's local dial switching equipment is housed in a modern building in the town; however, long distance service is supplied through the North Battleford switchboard. Canora was also converted to dial. This is the first exchange in Saskatchewan to use the All Numerical Calling Plan which has been adopted by all major telephone companies on the North American continent.

A community dial office was established at Squaw Rapids to meet the communication needs of this area. A radio link with the System's Nipawin office provides the long distance facilities through which Squaw Rapids traffic is handled by the Nipawin long distance operators.

Buildings, similar to this one at Battleford, will house automatic switching equipment for dial service at Wilkie and Unity.



Rural Telephones

As of December 31, 1960, there were 863 rural telephone companies for which the System provides local and long distance switching facilities. Of the 50,661 rural telephones, 42,132 or 83.2% 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 7,125 such telephones in service. A more detailed report covering non-system telephones is shown in the report of the Department of Telephones.

Long Distance

During the year long distance facilities were expanded and improved by the installation of additional carrier equipment and continuation of our transmission improvement program. Yorkton and Canora were added to our operator distance dialling network. A record volume of 10,243,297 long distance calls originated in Saskatchewan in 1960. This is an increase of 513,298 or 5.27% over 1959.

Expansion and Improvement

With the continuing demand for local and long distance service it has been necessary to maintain capital expenditures at a relatively high level. During 1960, a total of \$9,855,508 was spent on telephone property, which, after allowing for plant removed from service, increased the capital investment to \$105,828,187 at the year end. New projects and expanded facilities to meet the demands of the public for the various types of services the system offers, will require a continued high level of investment in telephone property.

An intensified program, aimed at converting all telephones in Saskatchewan to dial by the end of 1970, was announced. Equipment requirements for both local and long distance service at each manual exchange is being studied to determine the order of conversion over the ten-year period. As each telephone exchange now on day service is converted to dial, twenty-four hour service will be introduced.

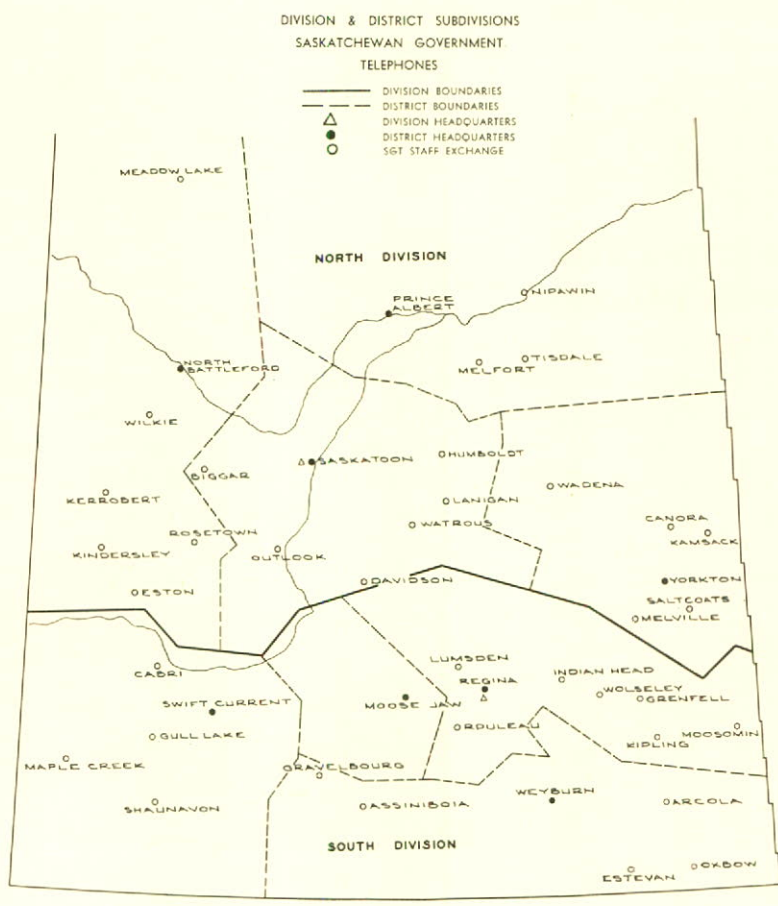
A detailed study of the requirements for customer distance dialling was undertaken during 1960. The introduction of this type of service is planned for the larger Saskatchewan centers in 1963-64.

By various sales techniques the Corporation intensified its efforts to

promote the increased use by its customers of services and equipment such as coloured telephones, extensions, hard of hearing telephones, telephone answering equipment, teletype, private line service and message toll.

Organization
Change

During the year, major changes were made in the staff organization of the Corporation, resulting in the decentralization of some management functions. Under the new organization the province is divided into two divisions, each of which is subdivided into four districts. District offices in the northern half of the province are located at Prince Albert, North Battleford, Yorkton and Saskatoon. In the south, district offices are situated at Swift Current, Moose Jaw, Weyburn and Regina. These changes were necessary because of the rapid growth of Saskatchewan Government Telephones in the last few years. The new organization will improve the efficiency of the Corporation and enable it better to service its customers.



Financial

The financial statements included in this report show that the net income for 1960, after interest, was \$1,955,640, compared with \$1,614,056 for the previous year. Total operating revenues amounted to \$20,259,164, an increase of \$1,378,409 over that of 1959. Major factors contributing to these gains in revenues are the greater number of local telephones now in use and the increasing volume of long distance calls. A further factor contributing to the revenue increase was the introduction of new rate schedules for local and long distance service during the latter part of 1960. The rate change will ensure the Corporation's ability to maintain a satisfactory level of earnings in the face of rising costs. It will also help ensure the ability of the Province to continue to borrow the sizeable funds required by the Corporation to finance needed expansion and improvement of service.

Operating expenses amounted to \$15,591,717 compared with \$14,807,306 for the previous year. Increasing wage and material costs, coupled with the expanded facilities, accounted for the major portion of the increase in operating expense.

Fixed charges increased by \$331,622 due, mainly, to interest costs on added capital required to finance the construction program. Grants in lieu of taxes (based on the current mill rate and the assessed value of the Corporation's property) paid to municipalities during the year amounted to \$233,563, an increase of \$27,176.

Employee and Public Relations

One of the most valuable assets of the Corporation is its employees who have, throughout the year, given faithful and efficient service to the people of this province.

Relations between the Corporation and its employees, represented by the Communications Workers of America, continued to be marked by mutual respect and confidence. This evidence of loyalty to the industry's tradition of service and the spirit of co-operation displayed are gratefully acknowledged.

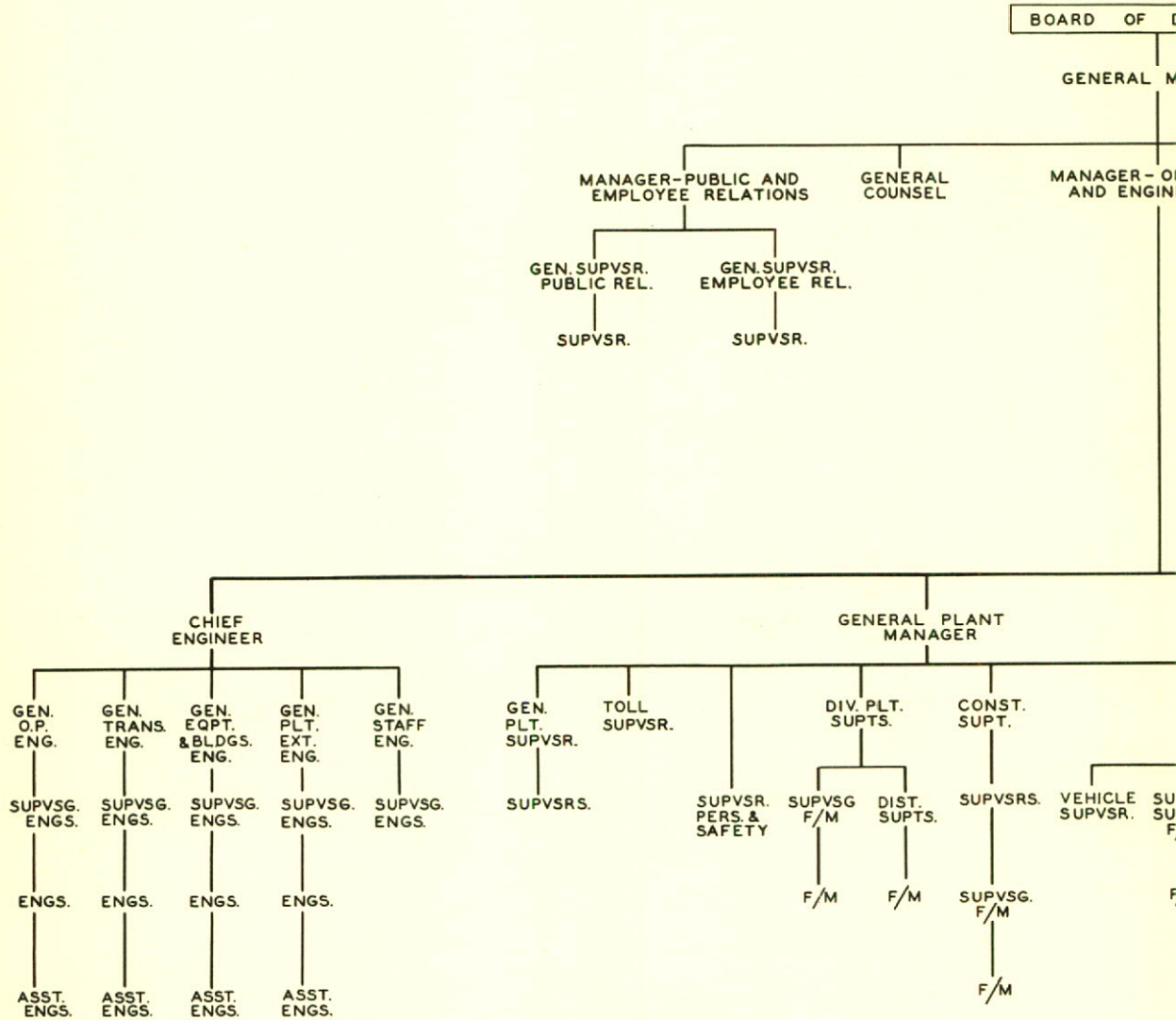
Satisfactory results were attained in the various training programs designed to improve the skills needed to meet the increasingly complex nature of the communications industry.

Safety programs are a continuing part of employee training. During 1960, Saskatchewan Government Telephones received the first Wise Owl charter to be awarded in the Province. The National Society for the Prevention of Blindness sponsors the program to encourage vision conservation and to provide recognition for those persons in industry whose sight has been saved through the conscientious use of safety glasses.

ORGANIZATION

SASKATCHEWAN GO

DEPARTMENT



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Highlights for 1961

The conversion to dial of the exchanges at Meadow Lake and Outlook during 1961 will complete the Corporation's program to establish its toll centers for the dialling network. Wilkie and Unity, both community dial offices connecting to North Battleford, will be converted in April, 1961. Maple Creek is also expected to be converted late in 1961. In addition to these centers, the following, some of which may be completed before the year-end, are scheduled for conversion to dial.

Arcola	Gravelbourg	Neidpath	Saltcoats
Bateman	Gull Lake	Perdue	Shellbrook
Birch Hills	Hodgeville	Regina Beach	Star City
Esterhazy	Kinistino	Rosthern	Webb
Fort Qu'Appelle	La Fleche	Rouleau	

New developments have made possible the increased use of microwave for communication purposes, and during 1961 additional long distance facilities will be provided between Saskatoon and Prince Albert, Swift Current and Maple Creek, Weyburn and Arcola, using this medium.

A new service will be established when long distance facilities are provided by radio between a base station at Meadow Lake and the communities of Barthel, Blue Bell, Golden Ridge, Green Lake, Horse Head and Loon River.

Other projects will include the expansion and improvement of existing long distance circuits in the province.

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, 1960. 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.

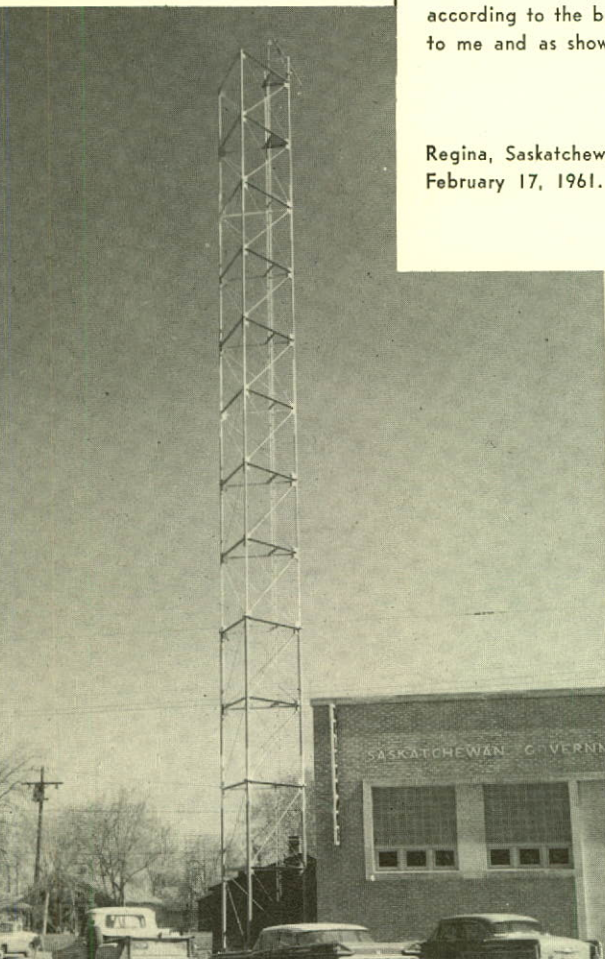
Securities held for Rural Telephone Companies in connection with the investment of Special Levy Funds have been verified by examination and are shown in a separate statement.

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, 1960 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 17, 1961.



BALANCE

AS AT DECEMBER

ASSETS

TELEPHONE PROPERTY

	1960	(1959)
Land and Buildings	\$ 11,789,271	\$11,375,473
Telephone Plant and Equipment	92,487,297	86,412,843
	<hr/>	<hr/>
	\$ 104,276,568	\$97,788,316
Less: Accumulated Depreciation	26,872,158	23,623,596
	<hr/>	<hr/>
Construction in Progress	\$ 77,404,410	\$74,164,720
	1,551,619	524,518
	<hr/>	<hr/>
	\$ 78,956,029	\$74,689,238
	<hr/>	<hr/>

SINKING FUNDS AND OTHER ASSETS

Equity in Government of Saskatchewan		
Sinking Funds	\$ 9,109,702	\$ 6,361,560
Sundry Other Assets	86,095	
	<hr/>	<hr/>
	\$ 9,195,797	\$ 6,361,560
	<hr/>	<hr/>

CURRENT ASSETS

Cash and Temporary Cash Investments	\$ 3,665,031	\$ 6,970,912
Material and Supplies (at cost)	2,988,813	3,012,581
Accounts Receivable		
(less allowance for doubtful accounts)	2,310,133	2,094,712
	<hr/>	<hr/>
	\$ 8,963,977	\$12,078,205
	<hr/>	<hr/>

DEFERRED CHARGES

Prepayments (Insurance, Directories, etc.)	\$ 208,414	\$ 196,853
Unamortized Discount and Expense on		
Government Advances	1,169,511	1,181,648
Deferred Maintenance Charges	352,283	431,122
Other Deferred Charges	64,403	14,529
	<hr/>	<hr/>
	\$ 1,794,611	\$ 1,824,152
	<hr/>	<hr/>
	\$ 98,910,414	\$94,953,155
	<hr/>	<hr/>

SHEET

31st, 1960 (1959)

LIABILITIES

CAPITAL LIABILITIES AND SURPLUS	1960	(1959)
Liability for Advances made by the Government of Saskatchewan	\$76,614,264	\$73,688,229
Surplus—Accumulated Appropriations for Capital Expenditures	18,489,190	18,489,190
	<u>\$95,103,454</u>	<u>\$92,177,419</u>
 CURRENT AND ACCRUED LIABILITIES		
Interest Accrued on Government Advances	\$ 978,979	\$ 631,633
Accounts Payable	414,626	76,528
Dividend—Government of Saskatchewan	1,955,640	1,614,056
Service Billed in Advance	286,640	265,666
	<u>\$ 3,635,885</u>	<u>\$ 2,587,883</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	20,575	37,353
	<u>\$ 171,075</u>	<u>\$ 187,853</u>
	<u>\$98,910,414</u>	<u>\$94,953,155</u>

SASKATCHEWAN GOVERNMENT TELEPHONES

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1960 (1959)

OPERATING REVENUES	1960	1959
Local Service	\$ 8,362,594	\$ 7,651,826
Rural Companies Connecting Fees	367,204	366,479
Toll Service	11,338,129	10,696,786
Miscellaneous	216,594	207,845
	<u>\$20,284,521</u>	<u>\$18,922,936</u>
Less: Provision for Uncollectible Accounts	25,357	42,181
	<u>\$20,259,164</u>	<u>\$18,880,755</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Maintenance	\$ 3,933,572	\$ 3,769,411
Traffic	4,574,823	4,376,934
Commercial	1,647,954	1,520,345
Depreciation	4,330,844	4,009,609
General Administration	600,294	476,118
Superannuation and Workmen's Compensation	315,957	326,249
Insurance	43,957	48,848
Other Operating Expenses	144,316	155,177
*Rural Organization and Inspection	-----	124,615
	<u>\$15,591,717</u>	<u>\$14,807,306</u>
TOTAL OPERATING EXPENSES		
NET OPERATING REVENUE	<u>\$ 4,667,447</u>	<u>\$ 4,073,449</u>
OTHER INCOME		
Interest and Miscellaneous	\$ 320,014	\$ 383,187
Sinking Fund Interest	487,524	345,143
	<u>\$ 807,538</u>	<u>\$ 728,330</u>
	<u>\$ 5,474,985</u>	<u>\$ 4,801,779</u>
FIXED CHARGES		
Grants in Lieu of Taxes	\$ 233,563	\$ 206,387
Interest and Exchange on Government Advances	3,194,518	2,928,853
Amortization of Discount on Government Advances Outstanding	87,136	86,958
Other Fixed Charges	4,128	—34,475
	<u>\$ 3,519,345</u>	<u>\$ 3,187,723</u>
NET INCOME FOR YEAR	<u>\$ 1,955,640</u>	<u>\$ 1,614,056</u>
DISPOSITION OF NET INCOME FOR YEAR		
Dividend—Government of Saskatchewan	<u>\$ 1,955,640</u>	<u>\$ 1,614,056</u>

*Note: Rural Organization and Inspection expenses for 1960 were re-imbursed by a grant from the Consolidated Fund of the Province.

SASKATCHEWAN GOVERNMENT TELEPHONES

SCHEDULE OF TELEPHONE PROPERTY

AS AT DECEMBER 31, 1960

	Total to December 31, 1959	Increase for Year Ended December 31, 1960	Total to December 31, 1960
Land	\$ 696,685	\$ 122,308	\$ 818,993
Right of Way	5,889	(5,889)
Buildings	10,672,899	297,379	10,970,278
Telephone Plant	84,473,643	5,850,001	90,323,644
Construction in Progress	524,518	1,027,101	1,551,619
Office Furniture and Fixtures	411,213	43,330	454,543
Mechanical Office Equipment	238,096	2,991	241,087
Tools and Other Work Equipment	708,100	46,855	754,955
Vehicles	581,791	131,277	713,068
	<u>\$98,312,834</u>	<u>\$ 7,515,353</u>	<u>\$ 105,828,187</u>

SASKATCHEWAN GOVERNMENT

	A DEPARTMENT OF GOVERNMENT (YEAR ENDING)				
	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					
Telephone Property		\$ 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

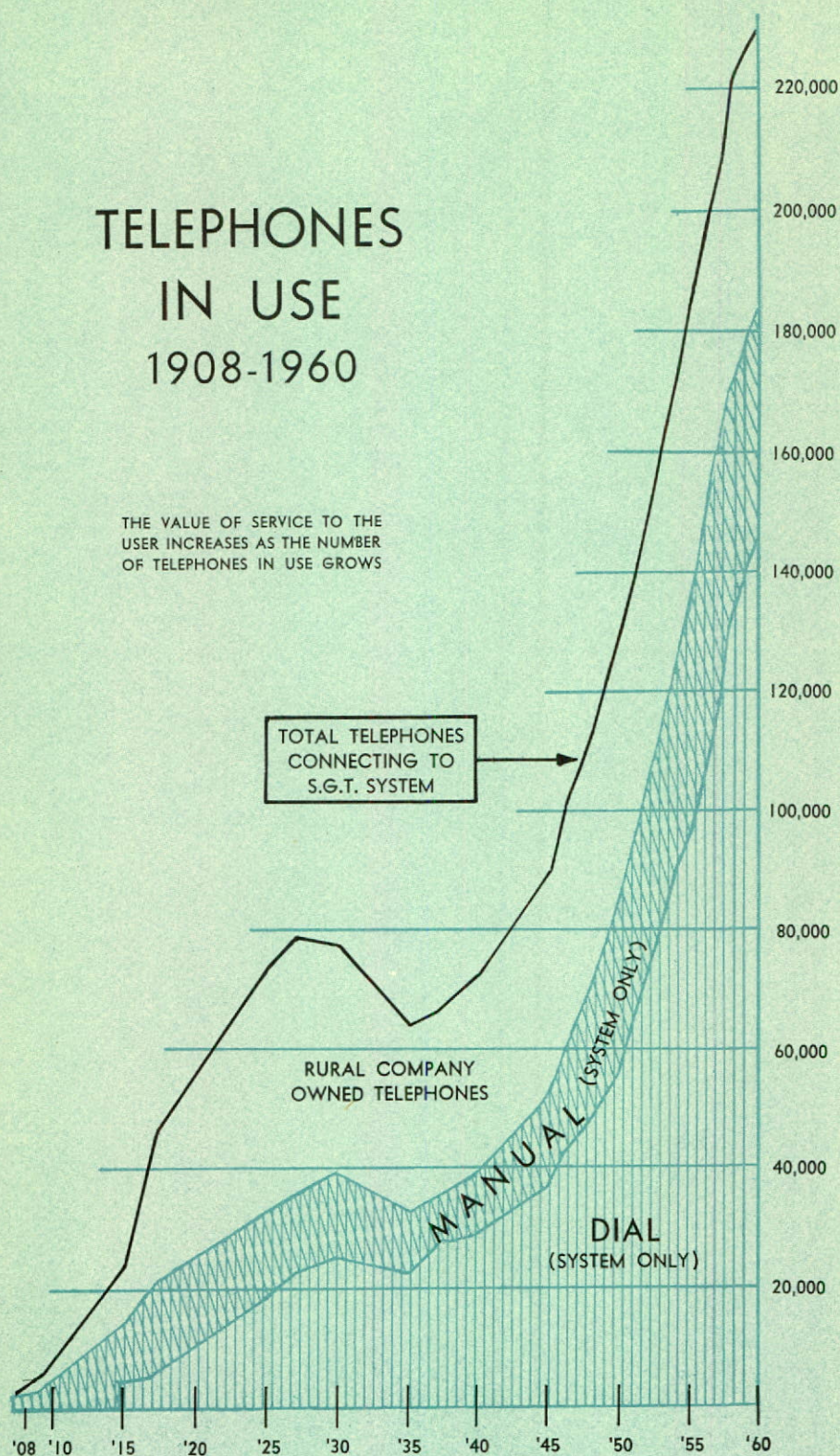
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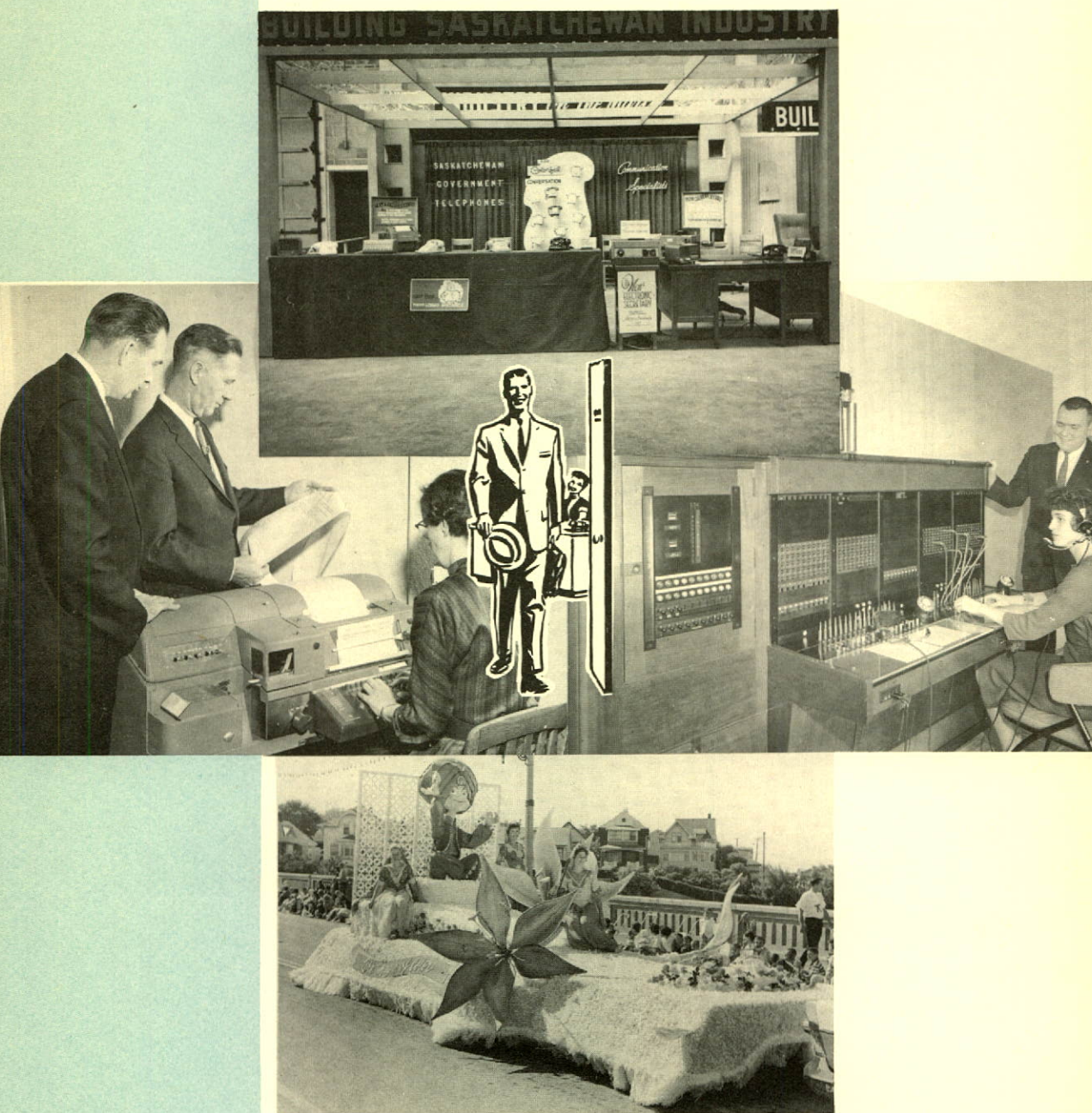
ERNMENT TELEPHONES

APRIL 30th)		A CROWN CORPORATION SINCE 1946. (YEAR END DECEMBER 31st)					
1941	1946	1951	1956	1957	1958	1959	1960
39,276 33,555	52,346 39,278	85,455 46,039	135,561 50,600	147,395 50,316	159,555 50,682	172,769 50,568	183,301 50,661
72,831 74%	91,624 72%	131,494 73%	186,161 78.2%	197,711 78.9%	210,237 79.7%	223,337 79.4%	233,962 79.7%
316 237 553	330 230 560	352 199 551	363 162 525	362 153 515	362 141 503	364 136 500	362 125 487
2,433,287 5.3%	4,122,878 13.1%	6,226,042 9.4%	8,399,420 9.7%	8,504,381 1.2%	8,924,926 4.9%	9,729,999 9.02%	10,243,297 5.27%
\$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	\$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	\$105,828,18 \$ 21,092,05 \$ 19,136,41 \$ 1,955,64
	367 637 1004	539 997 1536	747 1153 1900	833 1220 2053	868 1134 2002	904 1089 1993	890 1121 2011
	\$ 1,496,626	\$ 3,482,310	\$ 6,079,561	\$ 6,763,601	\$ 7,288,771	\$ 8,090,317	\$ 8,244,564

TELEPHONES IN USE 1908-1960

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





To provide our customers the telephone services which best answer their needs and preferences, we offer and promote telephones in a choice of decorative colours, special services such as teletype and mobile service, flexible intercommunication systems and the added convenience of private branch exchanges. Telephone service, we believe, should be both efficient and attractive, so that people will be eager to make full use of it.



FIFTY-SECOND YEAR OF TELEPHONE SERVICE •



A MEMBER OF THE TRANS-CANADA TELEPHONE SYSTEM