

C. Stalk

ANNUAL REPORT 1962

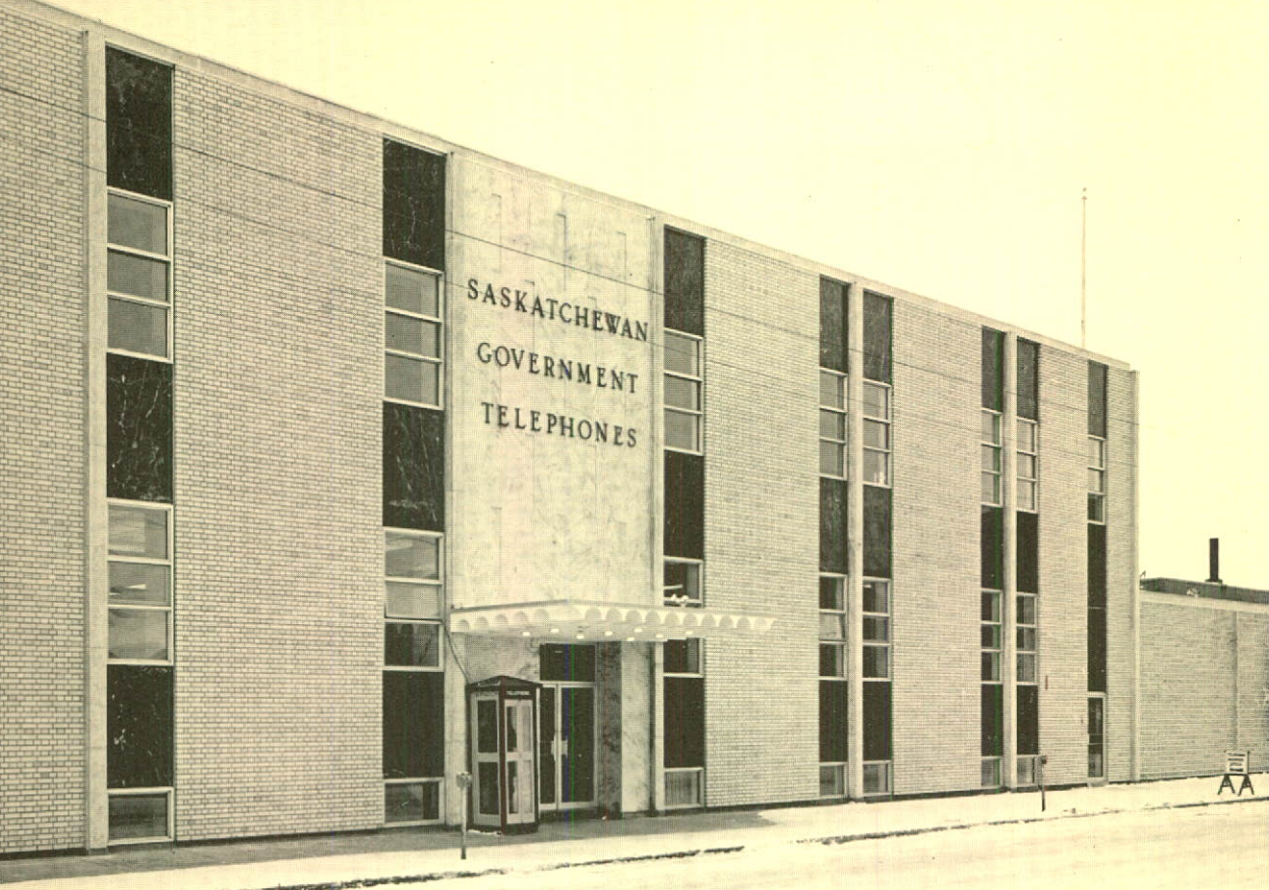
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C. Stalk

SASKATCHEWAN GOVERNMENT TELEPHONES



SASKATCHEWAN GOVERNMENT TELEPHONES

The alteration of the old building plus a major extension has provided space for adequate facilities for Prince Albert's exchange subscribers. The building also houses Corporation's district offices.

COVER PICTURES

Front Cover: Lafleche's new automatic telephone office complete with its point to point radio tower is typical of the Community Dial Offices being installed by the Corporation. As in this case, many are now being linked with their long distance switching centers by radio. This reduces the necessity of additional land lines and provides a storm free network.

Back Cover: This unusual photograph of one of the Corporation's microwave towers was taken at Bladworth. This network carries not only telephone calls, but television programs and other specialized forms of long distance communications services. Bladworth's local manual exchange office building can be seen in the left of the picture.

ANNUAL REPORT 1962



SASKATCHEWAN GOVERNMENT TELEPHONE

FOR THE YEAR ENDED DECEMBER 31st



Regina, Saskatchewan,
February 28th, 1963.

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, 1962, including the financial statement therefor, duly certified by the Provincial Audit 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,

E. L. Williams

Minister of Telephones
and
Chairman,
Saskatchewan Government Telephones.

1962

BOARD

HON. C. C. WILLIAMS.....	Chairman
HON. R. A. WALKER.....	Vice Chairman
D. H. F. BLACK, ESQ.....	Regina
J. W. W. GRAHAM, ESQ., Q.C.....	Weyburn
H. B. POLKINGHORNE, ESQ.....	Marsden
T. H. PRESTON, ESQ.....	Regina

MANAGEMENT

General Manager.....	S. B. MEDHURST
Assistant General Manager—Marketing and Long Range Planning.....	C. W. SPARROW
Assistant General Manager— Operations and Engineering.....	G. D. MCCORMICK
Comptroller.....	A. L. M. NELSON
Manager— Public & Employee Relations.....	G. W. R. CLARKE
General Counsel and Secretary to the Board.....	T. A. HOWE
Chief Engineer.....	S. F. LEE
General Commercial Manager.....	R. D. MCLEOD
General Plant Manager.....	W. L. CAMPKIN
General Traffic Manager.....	T. J. PRIEST



The Corporation's aim is to offer its customers the telephone services which best answer both their needs and preferences. To assure a high grade of service, the Corporation's Service Advisors give instructions and advice to its business customers. Shown above, the PBX Service Advisor instructs the switchboard operator in the operation of modern private branch exchange service for hotels and motels.

1962

ANNUAL REPORT

This report of Saskatchewan Government Telephones for the year 1962 is the 16th report as a Crown Corporation and covers the activities of the System in its fifty-fourth year.

The operating results of the Corporation during 1962 provided a surplus of \$3,670,972. The increase in the number of telephones in service and a more extensive use of long distance facilities contributed to the satisfactory financial results of the Corporation.

Because communications are playing an increasingly important role in the social and economic life of our country and province, the Corporation has continued its broad projects of service improvement. During the year new capital totalling \$5,000,000 was obtained for the 1962 construction program. The total assets of the Corporation at the year end amounted to \$113,577,672.

Among the major projects in which the Corporation is involved are its dial conversion program, its participation in Canada's defence communications facilities, added television and radio program transmission networks, Direct Distance Dialling (DDD); and TWX, a nation-wide dial teletypewriter service.



The "home intercom" system was among the new services for residence subscribers introduced during the year.

SASKATCHEWAN GOVERNMENT TELEPHONES

Local Telephone Service

For the tenth consecutive year, the net increase in the number of telephones placed in service exceeded 9,000. With the installation of the 200,000th telephone in October 1962, the number of telephones in service has doubled in less than ten years. The total of Corporation-owned telephones was 202,861 at December 31st, 1962, as compared with 193,120 at the end of the previous year, a net increase of 9,741. The Corporation is supplying local telephone service on demand.

An increase in Saskatchewan Government Telephones' subscribers served was brought about by the acquisition by purchases from rural telephone companies of the local telephone plant at Carievale, Hallonquist, Hawarden, Laird, Lake Lenore, Richmond and Viscount. The plant at these points has been rebuilt to Corporation standards.

The Corporation's program to convert manually operated offices to automatic operation brought dial service to the following twenty-one exchanges:

Alsask
Arcola
Bateman
Birch Hills
Esterhazy
Fort Qu'Appelle
Gravelbourg

Gull Lake
Hodgeville
Kinistino
Lafleche
Lake Lenore
Neidpath
Perdue

Regina Beach
Rosthern
Rouleau
Saltcoats
Shellbrook
Star City
Webb

As a result of these conversions and growth, the percentage of dial telephones increased by 2% to 82.9%. The dial conversions also resulted in 24 hour service being extended to Alsask, Bateman, Hallonquist, Lake Lenore, Neidpath and Webb. In addition, Conquest and Viscount were provided 24 hour service on a manual basis. At the year end, 196,557 Corporation-owned telephones were receiving continuous service.

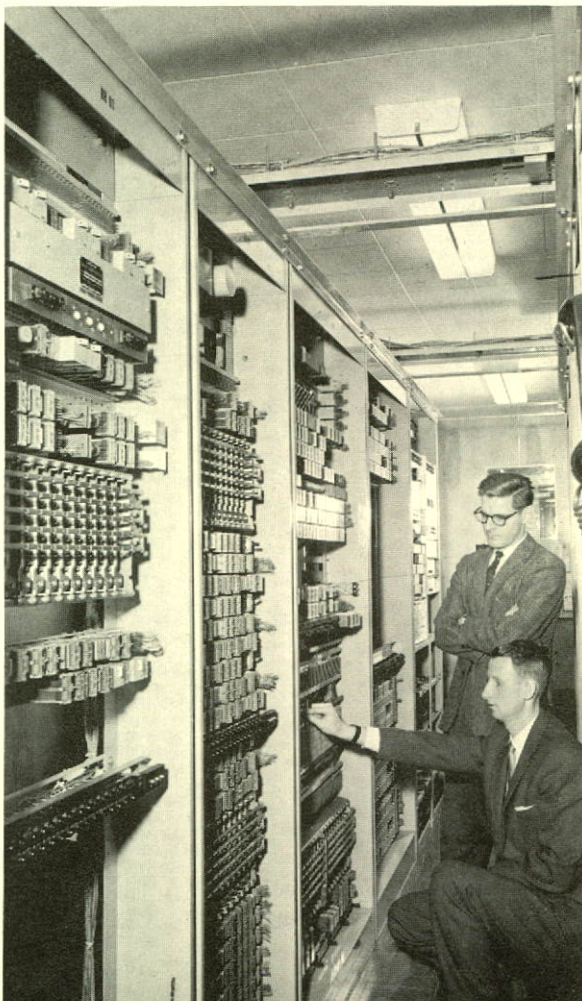
Rural Company Telephones

During the year the total number of rural company owned telephones for which the Corporation provided switching and long distance facilities showed a net increase of 1,034.

However, the total increase in rural telephones during the year was somewhat higher than this figure since a number of urban phones were purchased from rural telephone companies by the Corporation.

At December 31st, 1962 there were 52,302 telephones owned by 877 rural telephone companies connected to Saskatchewan Government Telephones' offices.

Compact crossbar switching system is being installed in some of the Corporation's new Community Dial Offices.



As a result of the Corporation's dial conversion program, 4,786 rural subscribers were added, in the year, to the number receiving automatic telephone service. Now, one-third of all rural telephones are dial operated.

In addition to the rural companies whose telephones are switched through Corporation offices, there are 55 rural and 2 independent companies which provide their own local switching service for approximately 5,000 subscribers.

Long Distance Service

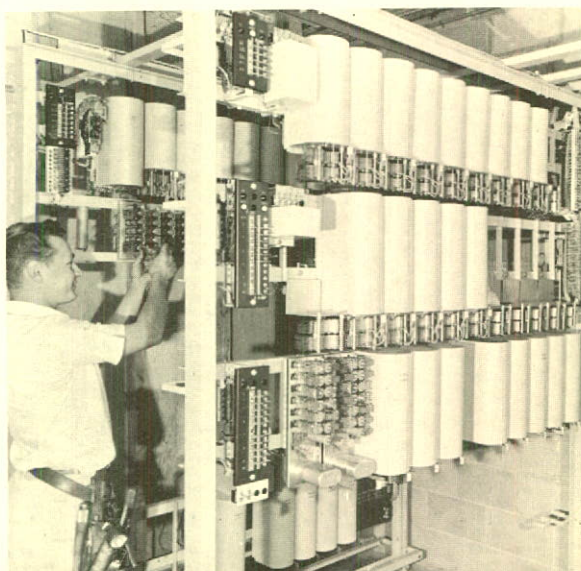
The use of long distance facilities continued to grow in 1962. The number of originating long distance calls handled by the Corporation in 1962 was more than three hundred thousand greater than in any previous year. A total of 10,584,138 completed long distance calls were placed by telephone users in Saskatchewan. This represents an increase of 6.06% over the previous year's volume.

Saskatchewan Government Telephones, in co-operation with other major telephone companies, provided the television network for CTV and radio program facilities for the CBC.

In 1962, the exchanges at Biggar, Indian Head and Melville were converted to community dial offices and connected to the toll centers at Saskatoon, Regina and Yorkton respectively. This enabled the Corporation to include these community dial offices in the continent-wide dialling network.

Early in 1962 equipment was installed in the Regina and Saskatoon exchanges to speed up the placing of conference calls. Today a conference call involving up to ten telephones can be established in a matter of seconds.

Dial switching installations on a subscriber's premises can now provide a wide range of special services for those with many telephones.





How the Corporation's expanded range of services will aid subscribers with special communications problems is demonstrated by the Marketing staff.

Expanding Service

Considerable progress was made by the Corporation in providing local and long distance facilities in Saskatchewan for Canada's defence communications system. These projects, now nearing completion, involve the installation of dial switching centers as well as microwave networks.

The Corporation's policy to place its cable underground in new residential areas was put into effect at Yorkton and plans were completed for similar installations in northwest Saskatoon. The Corporation's first underground cable to serve smaller rural communities was installed between Swift Current and Wymark.

There was continued activity in other areas of service. General mobile telephone service was extended to cover the Regina and Saskatoon areas. Additional channels were added to the microwave network, Regina-Saskatoon-Prince Albert and Regina west to Alberta.

Financial Results

The financial results of the operation of Saskatchewan Government Telephones during 1962 are shown in the financial statements included in this report.

The Net Income for the year of \$3,670,972 is shown in the Statement of Income. This compares with \$3,253,555 for the year 1961. Total Operating Revenues amounted to \$23,624,151 compared with \$22,403,716 for the previous year. The increase is mainly due to the increased volume of long distance messages and to the increase in the number of telephones in service.

Operating expenses amounted to \$16,653,410 compared with \$16,092,793 for the previous year. This is a percentage increase of 3.4% accounted for mainly by increased depreciation expense and increased wages.

A major item contributing to the \$382,030 increase in fixed charges is interest on advances from the provincial Treasury Department.

Grants in lieu of taxes paid to municipalities during the year amounted to \$262,007, an increase of \$10,841 over the previous year. This increase is due, in part, to taxes on additional property acquired for the dial conversion program.



Loading cable, preparatory to burying it between Swift Current and Wymark to bring local service to telephones in the Wymark area.

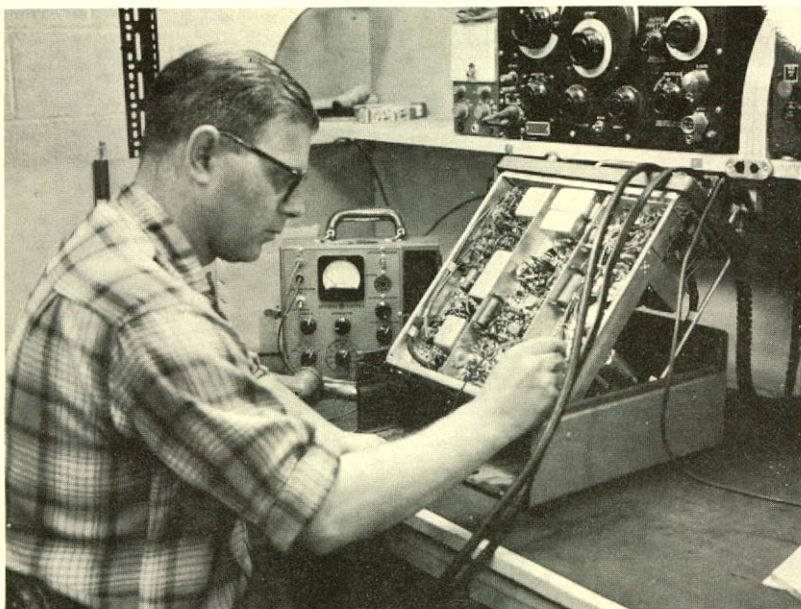
Construction Program

The Corporation's constant growth has required the continuation of a high level of investment. In 1962 the total value of additions to telephone property amounted to \$13,123,462. After taking into account plant removed from service, this resulted in a net increase in the value of telephone property of \$8,604,223 for the year.

The various extensions of the Corporation's operations have required building additions or alterations at Biggar, Davidson, Estevan, Indian Head, Moosomin, Prince Albert, Regina and Yorkton. These are in addition to the buildings provided for community dial offices and microwave and point-to-point radio equipment. A garage was completed on the North Battleford exchange property.

Additional carrier equipment was installed thereby increasing the number of circuits available for long distance service. Extensions were made to dial switching

equipment at Maple Creek, Prince Albert, Swift Current, Watrous and Yorkton. Switchboards were replaced in 18 towns and extensions were made to switchboards in 7 towns.



Repairmen in the Corporation's shops check mobile telephone equipment to ensure the best service to the customer.

At the year end forty-seven manual exchanges were in various stages of conversion to dial and will be placed in service during 1963 and early 1964. A list of these exchanges is shown elsewhere in this report.

Work was well advanced on a building to house a new switching center to meet the growing needs of Regina subscribers.

Employee Relations

The Corporation's first Management Conference of all supervisory personnel was successfully undertaken. Continued emphasis was placed on employee training programs throughout all departments.

The Corporation wishes to express appreciation to each employee for his or her contribution to the success of the Corporation's operations during the year. The employees are to be commended for their contribution to the welfare programs in the communities in which they work.

Projects in Progress

- **Dial Conversion Program**—planned for 1963:
 - Complete the conversion of the following manually operated exchanges:

Aberdeen	Kelvington	Preeceville
Balcarres	Kerrobert	Radville
Bienfait	Lanigan	Stoughton
Cabri	Leroy	Strassburg
Carlyle	Lumsden	Sturgis
Davidson	Luseland	Wakaw
Herbert	Mossbank	Watson
Hudson Bay	Oxbow	Whitewood
 - Proceed toward the conversion of the following manual exchanges:

*Abbey	Cutknife	Maidstone
Alida	Delisle	Mankota
*Allan	*Elrose	Marsden
Broadview	Foam Lake	Midale
Carnduff	Grenfell	Neilburg
Caron-Caronport	Kipling	*Redvers
*Carrot River	*Kyle	Wolseley
Cudworth	*Leader	
- (* Land and building.)
- **Long Distance Service** and radio program circuits for the CBC at Uranium City.
- **Long Distance Service** for LaRonge.
- **TWX** (Teletypewriter exchange service)—a new offering to business subscribers in 1963.
- To meet the growing need of Saskatchewan Government Telephones, the construction of a new **head office building** in Regina was announced. The proposed building, eleven stories in height, will be situated on the north-west corner of Albert Street and College Avenue overlooking Wascana Park.
- **Direct Distance Dialling** to be introduced in Regina in January, 1964.

1962

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, 1962. 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, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, 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, 1962 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 15, 1963.

ASSETS

TELEPHONE PROPERTY

	1962	1961
Land and Buildings	\$ 13,196,761	\$ 12,142,717
Telephone Plant and Equipment	104,925,891	98,010,414
	<hr/>	<hr/>
	\$ 118,122,652	\$ 110,153,131
Less: Accumulated Depreciation	33,706,351	30,295,889
	<hr/>	<hr/>
	\$ 84,416,301	\$ 79,857,242
Construction in Progress	2,152,148	1,517,446
	<hr/>	<hr/>
	\$ 86,568,449	\$ 81,374,688

SINKING FUNDS AND OTHER ASSETS

Equity in Government of Saskatchewan		
Sinking Funds	\$ 14,979,758	\$ 11,916,030
Sundry Other Assets	75,600	79,224
	<hr/>	<hr/>
	\$ 15,055,358	\$ 11,995,254

CURRENT ASSETS

Cash and Temporary Cash Investments	\$ 4,237,490	\$ 6,772,437
Material and Supplies (at cost)	3,312,309	2,909,645
Accounts Receivable		
(less allowance for doubtful accounts)	2,566,027	2,525,435
Prepayments	300,833	289,145
	<hr/>	<hr/>
	\$ 10,416,659	\$ 12,496,662

DEFERRED CHARGES

Unamortised Discount and Expense on		
Government Advances	\$ 1,353,007	\$ 1,342,879
Other Deferred Charges	184,199	248,974
	<hr/>	<hr/>
	\$ 1,537,206	\$ 1,591,853
	<hr/>	<hr/>
	\$ 113,577,672	\$ 107,458,457

BALANCE SHEET

AS AT DECEMBER 31st, 1962 (1961)

LIABILITIES

CAPITAL LIABILITIES AND SURPLUS

	1962	1961
Liability for Advances made by Government of Saskatchewan	\$ 87,707,080	\$ 83,330,817
Surplus—Accumulated Appropriations for Capital Expenditures	18,489,190	18,489,190
	<u>\$ 106,196,270</u>	<u>\$ 101,820,007</u>

CURRENT AND ACCRUED LIABILITIES

Interest Accrued on Government Advances	\$ 1,076,323	\$ 1,050,231
Accounts Payable	2,179,810	900,061
Dividend—Government of Saskatchewan	3,670,972	3,253,555
Service Billed in Advance	303,797	284,103
	<u>\$ 7,230,902</u>	<u>\$ 5,487,950</u>

RESERVES

Reserve for Fire Losses	\$ 10,000	\$ 10,000
Provision for Exchange on Bonds payable in New York	140,500	140,500
	<u>\$ 150,500</u>	<u>\$ 150,500</u>
	<u>\$ 113,577,672</u>	<u>\$ 107,458,457</u>

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 1962 (1961)

OPERATING REVENUES	1962	1961
Local Service	\$ 9,805,071	\$ 9,345,636
Rural Companies Connecting Fees	377,652	372,566
Toll Service	13,198,101	12,465,199
Miscellaneous	302,525	248,355
	<hr/>	<hr/>
	\$23,683,349	\$22,431,756
Less: Provision for Uncollectible Accounts	59,198	28,040
	<hr/>	<hr/>
TOTAL OPERATING REVENUES	\$23,624,151	\$22,403,716
	<hr/>	<hr/>
*OPERATING EXPENSES		
Maintenance	\$ 4,077,735	\$ 3,868,360
Traffic	4,506,568	4,595,068
Commercial	1,436,970	1,546,575
Marketing	41,931	
Depreciation	4,917,347	4,606,188
General Administration	1,006,962	899,473
Superannuation and Workmen's Compensation	403,009	330,131
Insurance	48,292	74,614
Other Operating Expenses	214,596	172,384
	<hr/>	<hr/>
TOTAL OPERATING EXPENSES	\$16,653,410	\$16,092,793
	<hr/>	<hr/>
NET OPERATING REVENUE	\$ 6,970,741	\$ 6,310,923
	<hr/>	<hr/>
OTHER INCOME		
Interest and Miscellaneous	\$ 266,887	\$ 212,507
Sinking Fund Earnings	584,546	499,297
	<hr/>	<hr/>
	\$ 851,433	\$ 711,804
	<hr/>	<hr/>
FIXED CHARGES		
Grants in Lieu of Taxes	\$ 262,007	\$ 251,166
Interest and Exchange on Government Advances	3,781,936	3,423,968
Amortization of Discount on Government		
Advances Outstanding	96,332	90,348
Other Fixed Charges	10,927	3,690
	<hr/>	<hr/>
	\$ 4,151,202	\$ 3,769,172
	<hr/>	<hr/>
NET INCOME FOR THE YEAR	\$ 3,670,972	\$ 3,253,555
	<hr/>	<hr/>
DISPOSITION OF NET INCOME FOR YEAR		
Dividend—Government of Saskatchewan	\$ 3,670,972	\$ 3,253,555
	<hr/>	<hr/>

* Expenditures during the year for the Administration of the Department of Telephones in the amount of \$107,805 and Other Assistance to rural telephone companies during the year amounting to \$139,741 are not included since they are reimbursable by grants from the Consolidated Fund of the Province.

1962

SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED DECEMBER 31, 1962

SOURCE OF FUNDS

Advances from Treasury—net proceeds	\$ 4,887,500
Net recoveries from telephone property retired	2,780,132
Depreciation and other non-cash charges to income	5,316,716
Miscellaneous items—net	3,624
Reduction of working capital	3,822,955
	<u>\$16,810,927</u>

APPLICATION OF FUNDS

Additions to telephone property	\$13,123,462
Debt retirement	623,737
Sinking Fund contributions (net)	3,063,728
	<u>\$16,810,927</u>

SCHEDULE OF TELEPHONE PROPERTY

	Total as at December 31 1961	Additions for 1962	Retirements for 1962	Total as at December 31 1962
Land	\$ 843,351	\$ 185,221	\$ 3,550	\$ 1,025,022
Buildings	11,299,366	908,138	35,765	12,171,739
Telephone Plant	95,770,255	11,084,612	4,230,657	102,624,210
Construction in Progress	1,517,446	634,702	2,152,148
Office Furniture and Fixtures	481,861	30,905	5,022	507,744
Mechanical Office Equipment	257,460	16,064	3,377	270,147
Tools and Other Work Equipment	732,233	163,735	177,829	718,139
Vehicles	768,605	100,085	63,039	805,651
	<u>\$ 111,670,577</u>	<u>\$13,123,462</u>	<u>\$4,519,239</u>	<u>\$ 120,274,800</u>

STATISTICS

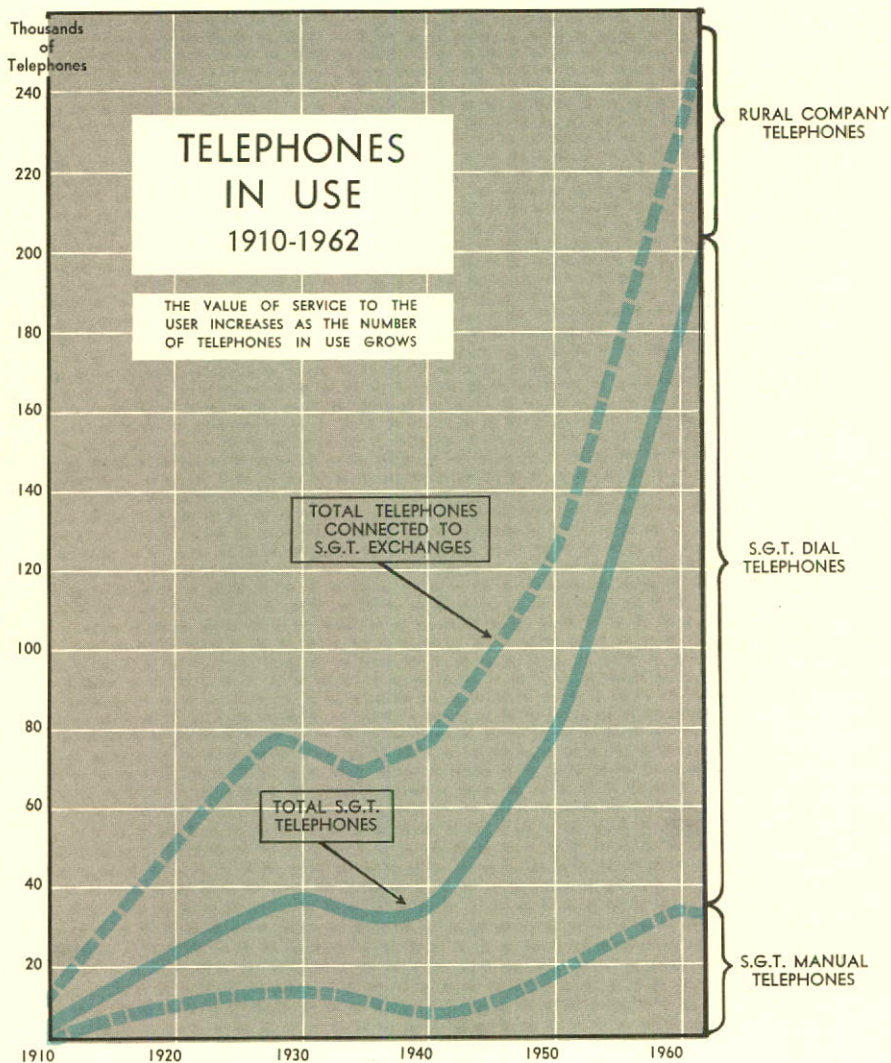
SASKATCHEWAN GOVERNMENT

	A CROWN CORPORATION SINCE 1946. (YEAR END)				
	1962	1961	1960	1959	1958
Number of Telephones					
System Owned	202,861	193,120	183,301	172,769	159,555
Rural Company Owned (Connecting to System)	52,302	51,268	50,661	50,568	50,682
TOTAL	255,163	244,388	233,962	223,337	210,237
Percent Dial (System)	82.9%	80.9%	79.7%	79.4%	79.7%
Number of System Offices					
Exchanges	369	366	362	364	362
Toll Stations	104	118	125	136	141
TOTAL	473	484	487	500	503
Long Distance Messages					
Origin in Saskatchewan	10,584,138	9,978,945	10,243,297	9,729,999	8,924,926
Increase over previous Fiscal year	6.06%	—2.58%	5.27%	9.02%	4.9%
Finance					
Telephone Property (at cost)	120,274,800	\$111,670,577	\$105,828,187	\$98,312,834	\$90,629,866
Total Revenue	24,534,782	23,143,560	\$ 21,092,059	\$19,651,266	\$17,230,821
Total Expense	20,863,810	19,890,005	\$ 19,136,419	\$18,037,210	\$16,052,121
Net Income	3,670,972	3,253,555	\$ 1,955,640	\$ 1,614,056	\$ 1,178,699
Employees (at year end)					
Men	917	875	890	904	868
Women	1037	1047	1121	1089	1134
TOTAL	1954	1922	2011	1993	2002
Total Payroll	\$ 8,982,725	\$ 8,699,153	\$ 8,244,564	\$ 8,090,317	\$ 7,288,771

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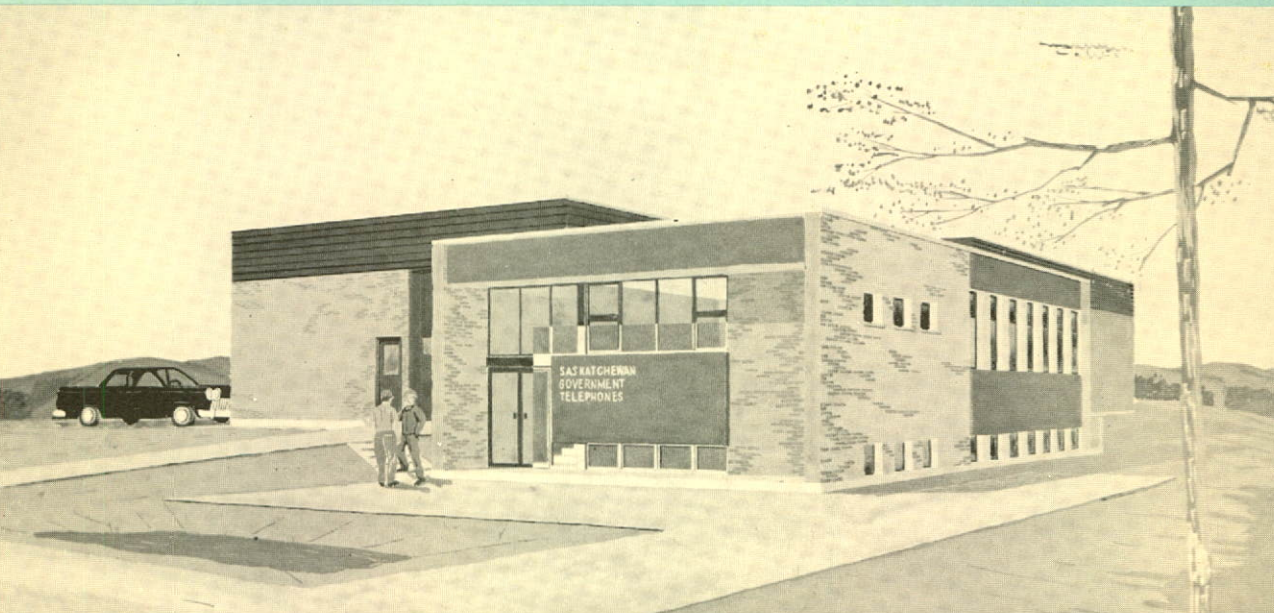
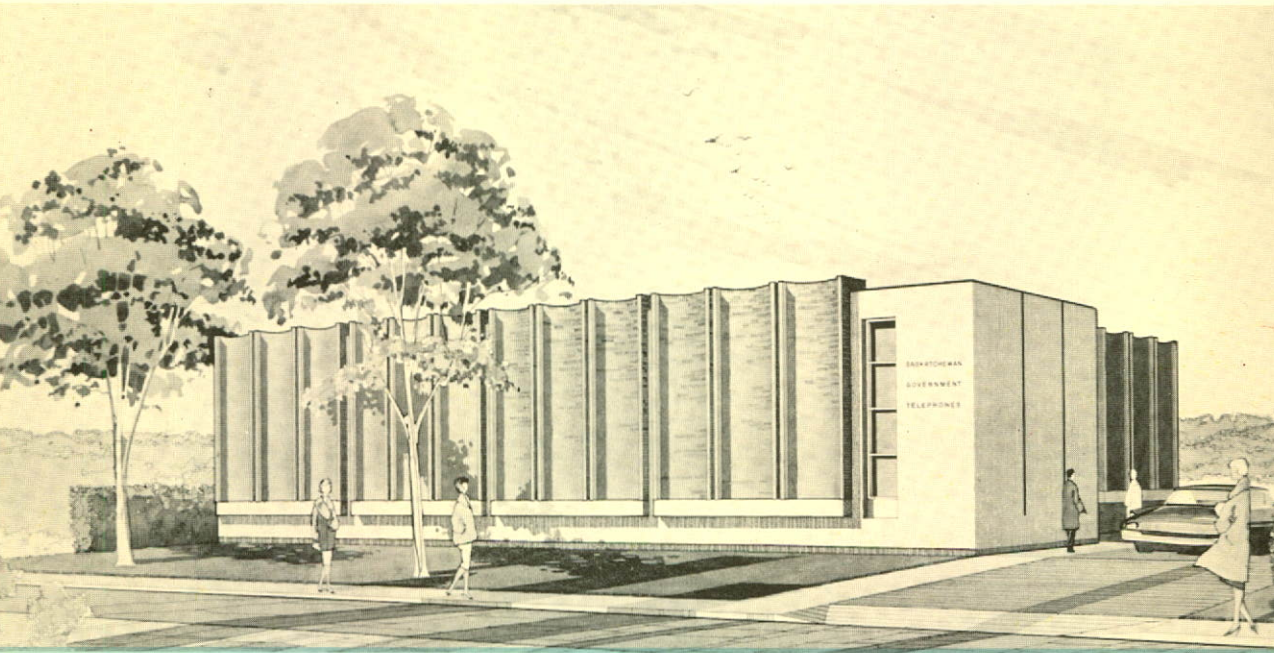
RNMENT TELEPHONES

DECEMBER 31st)		A DEPARTMENT OF GOVERNMENT (YEAR END APRIL 30th)					
1956	1951	1946	1941	1936	1926	1916	1910
135,561 50,600 186,161 78.2%	85,455 46,039 131,494 73%	52,346 39,278 91,624 72%	39,276 33,555 72,831 74%	32,811 31,371 64,182 71%	32,852 41,389 74,241 57%	15,677 9,196 24,873 48%	3,412 2,298 5,710 0%
363 162 525	352 199 551	330 230 560	316 237 553	314 202 516	304 153 457	104 213 317	20 100 120
8,399,420 9.7%	6,226,042 9.4%	4,122,878 13.1%	2,433,287 5.3%	1,934,361 - 10.0%	3,082,086 15.7%	1,179,169 31.6%	
\$68,335,398 \$14,277,869 \$11,512,233 \$ 2,765,636	\$29,741,280 \$ 7,395,313 \$ 5,830,899 \$ 1,564,414	\$17,028,686 \$ 4,109,297 \$ 3,208,075 \$ 901,222	\$15,518,315 \$ 2,640,096 \$ 2,472,235 \$ 167,861	\$14,946,506 \$ 2,032,483 \$ 2,049,832 \$ -17,349	\$10,955,661 \$ 2,341,829 \$ 2,341,829	\$ 5,270,932 \$ 779,650 \$ 779,650	
747 1153 1900	539 997 1536	367 637 1004					
\$ 6,079,561	\$ 3,482,310	\$ 1,496,626					



1962

New buildings are being erected in many locations throughout the province to make room for the ever-expanding services of the Corporation. Pictured at the top is the new local switching center building being constructed in Regina. The lower picture is the architect's drawing of the new district plant office and service center to be built in Swift Current.





A MEMBER OF THE
TRANS - CANADA
TELEPHONE SYSTEM