

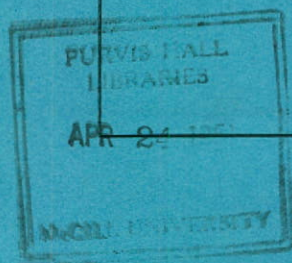
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WINNIPEG ELECTRIC COMPANY

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FIFTY-EIGHTH
ANNUAL
REPORT

1950



BOARD OF DIRECTORS

- L. D. M. BAXTER, President, Osler, Hammond & Nanton Ltd.
Winnipeg, Manitoba, Canada.
- W. H. CARTER, President and General Manager, Winnipeg Electric Company,
Winnipeg, Manitoba, Canada.
- R. D. GUY, K.C., Barrister,
Winnipeg, Manitoba, Canada.
- JOSEPH HARRIS, Manager, Canada Packers Limited,
St. Boniface, Manitoba, Canada.
- D. H. McDOUGALL, Gentleman,
Toronto, Ontario, Canada.
- J. A. McPHAIL, K.C., President, Great Lakes Power Company,
Sault Ste. Marie, Ontario, Canada.
- A. J. NESBITT, President, Nesbitt, Thomson & Co., Investment Dealers,
Montreal, Quebec, Canada.
- ISAAC PITBLADO, K.C., LL.D., Barrister,
Winnipeg, Manitoba, Canada.
- C. S. RILEY, Chairman of the Board, {Canadian Fire Insurance Company
Canadian Indemnity Company
Winnipeg, Manitoba, Canada.
- H. E. SELLERS, C.B.E., LL.D., President, Federal Grain Limited,
Winnipeg, Manitoba, Canada.
- P. A. THOMSON, Vice-President, Nesbitt, Thomson & Co., Investment
Dealers,
Montreal, Quebec, Canada.
- WILLIAM WHYTE, President, Manitoba & Saskatchewan Coal Co. Ltd.,
Winnipeg, Manitoba, Canada.

OFFICERS

- | | |
|----------------|---------------------------------------|
| W. H. CARTER | <i>President and General Manager,</i> |
| C. S. RILEY. | <i>Vice-President,</i> |
| C. F. LIDSTER, | <i>Treasurer and Comptroller,</i> |
| S. N. CURRIE. | <i>Secretary.</i> |

TRANSFER OFFICERS

National Trust Company, Limited
Montreal, Toronto and Winnipeg.

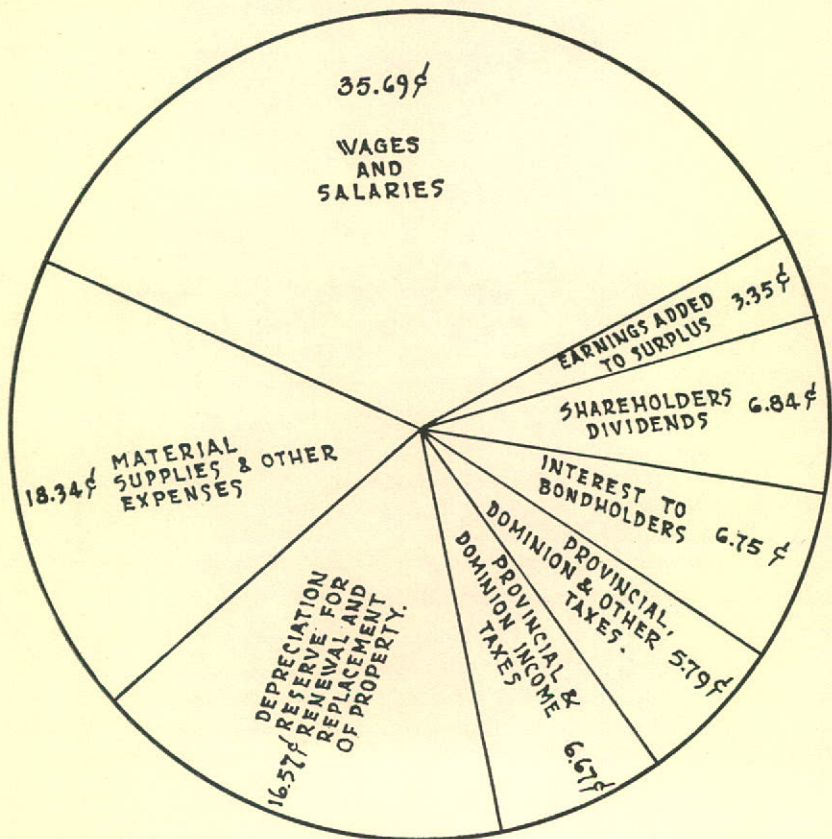
To the Shareholders:

Your Board of Directors presents herein its Annual Report on the affairs of your Company for the year ended December 31st, 1950 and submits the following statements:

Balance Sheet and Auditor's Report
Income Account for 1950

Gross Earnings from Operations amounted to \$15,860,096.20 to which is added Net Miscellaneous Income of \$98,826.09, making a total gross income of \$15,958,922.29, an increase of \$1,200,731.69 over the previous year. Net income for the year is \$53,002.54 less than for the previous year, due to increased depreciation, taxes, flood damage and the Company's contribution to the pension fund.

The following chart shows how each dollar of the 1950 revenue was distributed:



The Gross Payroll for the year amounted to \$6,007,397, an increase of \$131,283 over the previous year. 94.8% of the payroll was charged to operation and the remainder to construction.

Damage by flood in the Spring and by a severe windstorm cost your Company \$332,000 and in addition a very considerable loss of revenue was sustained by each utility as a result of the flood.

Capital Expenditures in 1950 for all purposes of the Company totalled \$2,994,293. No new long term financing was undertaken.

ELECTRIC UTILITY

Gross Revenue from the sale of electricity, after deduction of inter-company transactions amounted to \$7,748,801.38, an increase of 14.55% over the previous year. Operating Expenses excluding taxes and depreciation show an increase of \$452,909.43, due principally to flood and storm damage and the Company's contribution to the pension fund.

There was a net increase of 6585 services during the year, of which 2007 were for lighting, 2295 for cooking, 2277 for water heating and 6 for power. Also, Manitoba Power Commission and many industrial firms made substantial increases in connected load.

The installation of No. 4 and No. 5 Units at the Seven Sisters Power Plant was completed and both units are now in operation.

Owing to the rapid increase in the load, it has been decided to install the 6th unit as soon as possible. The equipment has been ordered and it is anticipated this unit will be ready for operation early in the summer of 1952. The installation of the 6th unit will complete the Seven Sisters Power Plant, giving it an installed capacity of 225,000 h.p.

A new double circuit transmission line from Seven Sisters to Transcona was completed during the summer and finally put in operation in August.

In addition to work at the power plants, considerable extension work was done in the distribution system to take care of the increased load in Greater Winnipeg. This chiefly consisted of additional feeders and miscellaneous substation equipment.

Owing to the exceptionally high water during the year, it was not necessary to close the Pinawa Plant down, as there was ample water for both Seven Sisters and this plant. However, a start was made on the rock-fill dam to close the Pinawa Channel, and final closure can be made quickly and with minimum expenditure when necessary.

Capital expenditures during 1950 on the Seven Sisters plant and the new transmission line amounted to \$979,060, and since 1946 total capital expenditures of \$10,135,396 have been made on this plant. Other capital expenditures for the Electric Utility in 1950 amounted to \$909,459, making a total capital expenditure in 1950 of \$1,888,519 for this utility.

The installed capacity of the Great Falls and Seven Sisters Power Plants at present is 355,500 h.p. or a total of 371,500 h.p. with Pinawa operating at a reduced capacity of 16,000 h.p. The peak load on the system for the year was 363,941 h.p. and the total output was 1,629,869,600 kwhrs.

TRANSPORTATION UTILITY

Gross Revenue from the transportation system amounted to \$7,384,327.89, an increase of \$219,598.22 or about 3% over the year 1949 while revenue passengers carried totalled 91,631,604, a decrease of approximately 6%. The increase in revenue is the result of increased fares which went into effect in December, 1949 but the decline in the number of passengers carried is fairly general throughout Canada and the United States and is attributable mostly to the increased number of automobiles in use and perhaps to some small extent to the higher fares generally in effect. Flood conditions in the Winnipeg area also caused a considerable loss of revenue.

Operating Expenses, excluding taxes and depreciation, show an increase of \$112,115, due principally to the Company's contribution to the pension scheme and to flood damage.

Miles operated by all classes of passenger vehicles totalled 13,914,263 of which 4,536,319 were by street cars, 3,871,053 by trolley buses and 5,506,891 by gasoline buses.

During the summer the Osborne Street-Selkirk Avenue street car route was partially converted to trolley bus operation and in November the conversion was completed. Thirty new trolley buses were received and all were in operation before the end of the year. The Company now has 134 trolley buses in operation, all of which have been equipped with a public address system. This has been found a great help to the operators who can now use a conversational tone in directing passengers and in announcing street names and transfer points. The public have reacted very favourably to this innovation.

Capital expenditures during 1950 for the Transportation Utility amounted to \$1,071,966.

GAS UTILITY

Gross Revenue of this utility amounted to \$796,984 being an increase of 1.2% over the year 1949, while cubic feet of gas sold was up 1.5%. There was very little change in any of the sales classifications. Operating expenses showed an increase of \$113,648, principally due to flood protection expense and the Company's contribution to the pension fund.

Home Gas Company continues to distribute liquid propane in cylinders in the rural districts and purchased from us slightly over 83,000 gallons during the year.

A new technique in underfiring the coke oven battery with a propane-producer gas mixture resulted in some economies and released an additional 917 tons of coke for sale. The entire domestic coke production of 47,317 tons was readily absorbed by the local market.

Peak loads during the early winter broke all records but were handled with little difficulty with the aid of the liquid petroleum gas plant installed several years ago.

The flood experienced in the Spring did very little damage to the gas works equipment or the distribution system but considerable expense was incurred in keeping the flood waters out of the gas works.

Capital expenditures for the Gas Utility in 1950 amounted to \$22,102.

TAX PAYMENTS FOR THE YEAR 1950

(Excluding accrual for Dominion and Provincial Income Taxes)

To the City of Winnipeg in respect of its Transportation Utility for 5% Gross Earnings Charge, Car and Bus Licenses and Fixed Assessment.....	\$410,687.39	
To the City of Winnipeg for Property and Other Taxes.....	211,538.92	
		\$ 622,226.31
To the Province of Manitoba and Municipalities for Property and Other Taxes, including Gasoline Tax, Vehicle Licenses, etc.....		437,882.83
Winnipeg, Selkirk & Lake Winnipeg Railway Co. and Suburban Rapid Transit Co. taxes.....		23,307.86
Total amount of Taxes before Dominion and Provincial Income Taxes....	\$1,083,417.00	
Dominion and Provincial Income Taxes for the year 1950 estimated.....	\$1,063,400.00	

DIVIDENDS

Dividends totalling 5% on Preference shares and \$1.50 per share on Common shares were paid in the year 1950. These dividends were paid half on June 30th and half on December 30th. The total amount paid to shareholders in 1950 was \$1,091,966.65.

EMPLOYEES

On the last day of the year there were 2329 employees on the payroll. This was a decrease of 39 from the corresponding day of the previous year.

A pension plan evolved by a joint committee of employees and management, aided by Wm. Mercer & Company, consulting actuaries, was put into effect on July 1st. The plan provides that all funds be placed in the hands of The Canada Trust Company as trustees of the fund, the Company to pay into the fund over a period of 20 years the cost of past service contributions, amounting to \$3,836,858. The employees and the Company jointly contribute for future service.

Wage agreements, which might have expired on March 31st, 1950 were continued in force until October 31st. In December, new agreements with unionized employees were signed. These new agreements continue in effect to March 31st, 1952 and provide for a 3% increase in wages to date from November 1st, 1950 and a further 7% increase from April 1st, 1951, with an increase in the Company's contribution to group insurance, weekly sickness and accident benefits, Manitoba Hospital Service Association and Manitoba Medical Service, thereby increasing our contribution to these different services to our employees by about \$68,000 a year which, added to our previous contributions, brings the total contribution by the Company for these benefits to approximately \$108,000 a year.

Your Board of Directors is much gratified at the continuing harmonious relations with its employees and desires to express its appreciation of the valuable services contributed by the executive staff and employees in all departments of your Company.

W. H. CARTER,
President.

WINNIPEG ELECTRIC COMPANY

CONSOLIDATED BALANCE SHEET

ASSETS

PHYSICAL PROPERTIES:

(Comprising the properties of Winnipeg Electric Company, Winnipeg, Selkirk and Lake Winnipeg Railway Company and Suburban Rapid Transit Company, value based on appraisal of J. G. White Engineering Corporation as of 31st December 1916, and additions since at cost; the properties formerly owned by Manitoba Power Company Limited, based on appraisal of R. S. Lea as of 31st December 1927, and additions since at cost, and the properties formerly owned by Northwestern Power Company Limited at cost).....\$90,639,806.29

CASH IN BANKS AND ON HAND	\$	176,680.99
CONSUMERS' AND OTHER ACCOUNTS RECEIVABLE, including instalment contracts, less Reserve for Doubtful Accounts and Discounts (Note 1).....		1,505,029.43
Refundable portion of Excess Profits Tax.....		187,900.00
WORKING FUNDS AND DEPOSIT WITH WORKMEN'S COMPENSATION BOARD, etc.....		87,809.73
MATERIALS, SUPPLIES AND MERCHANDISE FOR SALE.....		1,383,088.34
INSURANCE PREMIUMS AND OTHER EXPENSES paid in advance....		101,886.39
	\$	<u>3,442,394.88</u>
FUNDS ON DEPOSIT TO MEET SPECIFIC LIABILITIES (per Contra).....		36,729.19
DEFERRED CHARGES:		
Retirement Fund Past Services Contribution (per Contra) (Note 2).....	\$	3,771,501.31
Miscellaneous.....	\$	53,032.14
		<u>3,824,533.45</u>
DEFERRED ACCOUNTS RECEIVABLE:		
Special Contract—Deferred Instalments.....		80,333.33
		<u>\$98,023,797.14</u>

AUDITORS' REPORT

To the Shareholders, Winnipeg Electric Company, Winnipeg, Manitoba.

We have audited the books and accounts of Winnipeg Electric Company and its Subsidiaries, Winnipeg, Selkirk & Lake Winnipeg Railway Company and Suburban Rapid Transit Company, for the year ended 31st December 1950, and report that we have obtained all the information and explanations we have required.

The question of whether the accumulated Reserve for Depreciation is greater or less than actual requirements is one which requires expert engineering skill and knowledge to answer, consequently we do not express an opinion on this matter.

Subject to this, we further report that, in our opinion, the above Balance Sheet, supplemented by the explanatory notes 1 to 6 appended thereto, is properly drawn up so as to exhibit a true and correct view of the state of the affairs of the Company, according to the best of our information and the explanations given to us, and as shown by the books.

GEORGE A. TOUCHE & CO.,
Chartered Accountants, Auditors.

Winnipeg, 2nd April, 1951.

(See accompanying explanatory notes to financial statements)

AND SUBSIDIARY COMPANIES

STATEMENT AT 31st DECEMBER 1950

CAPITAL AND LIABILITIES

CAPITAL STOCK:

Preferred 50,000 Shares of \$100.00 each, 5% Non-Cumulative.....	\$ 5,000,000.00	
Common Shares of No Par Value, 564,989 Shares.....	\$13,754,521.07	
Less Adjustments in Property Account.....	2,838,195.26	
		10,916,325.81
		<u>\$15,916,325.81</u>

FUNDED DEBT:

2¾% Serial First Mortgage Bonds, maturing \$400,000.00 annually 1st May 1951 to 1956 inclusive.....	\$ 2,400,000.00	
3¾% Series First Mortgage Bonds, due 1st May 1971.....	13,000,000.00	
4% Series First Mortgage Bonds, due 1st May 1971.....	13,000,000.00	
		28,400,000.00

CURRENT ACCOUNTS PAYABLE, including wages and salaries.....	\$ 2,438,378.76	
BANK OF MONTREAL OVERDRAFT.....	\$ 668,416.64	
CONSUMERS' SECURITY DEPOSITS AND ACCRUED INTEREST.....	144,026.47	
BOND INTEREST ACCRUED.....	178,916.66	
PROVISION FOR INCOME TAXES (estimated) (Note 3).....	593,250.95	
OTHER LIABILITIES.....	185,200.23	
		<u>4,208,189.71</u>

LIABILITIES FOR WHICH FUNDS ARE SPECIALLY EARMARKED:

Matured Interest Coupons.....	\$ 35,013.69	
Scrip Certificates (Northwestern Power Co. Ltd.).....	1,715.50	
		<u>36,729.19</u>

DEFERRED LIABILITIES (Payable in instalments):

Lake of the Woods and Lac Seul Storage Charges, etc.....	\$ 534,745.04	
Retirement Fund Past Services Contribution, less Amount Paid Trustee (per Contra) (Note 2).....	3,771,501.31	
		<u>4,306,246.35</u>
DEFERRED CREDITS TO INCOME (Note 4).....		104,222.46

MISCELLANEOUS RESERVES (Note 5):

For Deferred Maintenance and Reconversion.....	\$ 153,646.26	
For Injuries and Damages, Leased Premises, Contingencies, etc.....	259,582.58	
		<u>413,228.84</u>

DEPRECIATION AND PROPERTY RESERVES:

Depreciation Reserve (Note 6).....	\$31,799,152.05	
Property Reserve (from Appraisal, Property of Manitoba Power Company Limited).....	7,290,947.36	
		<u>39,090,099.41</u>

EARNED SURPLUS (Net Earnings from Operation and other Net Profits).....	5,548,755.37	
(The Bond Mortgage prohibits payment by the Company of any dividend which would reduce the Earned Surplus below \$1,250,000.00)		

\$98,023,797.14

statements which are an integral part thereof)

WINNIPEG ELECTRIC COMPANY AND
SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1950

GROSS EARNINGS FROM OPERATION.....	\$15,860,096.20
OPERATING EXPENSES.....	8,577,229.44
NET OPERATING INCOME.....	\$ 7,282,866.76
Miscellaneous Income, net.....	98,826.09
GROSS INCOME.....	\$ 7,381,692.85
Interest on Funded Debt.....	\$1,077,166.66
Other Interest.....	46,185.21
Taxes.....	923,685.12
Depreciation.....	2,644,235.22
Provision for Dominion and Provincial Income Taxes (estimated).....	\$1,063,400.00
Other Income Deductions.....	957.68
	5,755,629.89
NET INCOME.....	\$ 1,626,062.96

SURPLUS ACCOUNT

BALANCE, 1st January 1950.....	\$ 4,513,514.16
ADD:	
Net Income for the year 1950.....	\$1,626,062.96
Special Reserves Transferred.....	555,805.39
Adjustments in property accounts of Parent and Subsidiary Companies.....	20,268.34
	2,202,136.69
	\$ 6,715,650.85
DEDUCT:	
Dividends on Preference Stock.....	\$ 250,000.00
Dividends on Common Stock.....	841,966.65
Adjustments in Income and Excess Profits Taxes of prior years less credit for refundable portion.....	74,928.83
	1,166,895.48
BALANCE, 31st December 1950.....	\$ 5,548,755.37

WINNIPEG ELECTRIC COMPANY AND SUBSIDIARY COMPANIES

Explanatory Notes to Financial Statements as at December 31, 1950.

Note 1—Accounts Receivable. In addition to the amount shown in the Balance Sheet, there is a considerable accrued asset in connection with meters unread as of the date of the Balance Sheet. It has never been the policy of the Company to compute the amount of this item.

Note 2—Retirement Fund Past Services Contribution. When the Retirement Fund Plan was initiated in July 1950, the Company expected to contribute over a period of years the entire cost of the members' past service retirement incomes, in accordance with qualified actuarial advice. The deferred charge carried under this heading and the relative liability account were set up on that basis. The future position of these accounts may be materially affected by the terms of the present negotiations by the Province of Manitoba for acquisition of the assets of the Company.

Note 3—Provision for Income Taxes. Income Tax assessments have been received for the period up to 1948, and portions of the additional assessments for the years 1943-1948 have been appealed by the Company. While provision for the Income Tax liability to date has been made on what is considered an adequate basis, it is obvious that finality is not possible until after the Company's appeal has been disposed of and until assessments have been received for the years 1949 and 1950.

Note 4—Deferred Credits to Income. These include the credits arising from the unearned portion of financing charges in connection with instalment sales of merchandise. The Company's policy has been to spread the financing charge evenly over the number of months each contract has to run. While this simple method has been satisfactory in insuring that credit was not taken for income before it was earned, it is recognized that more accurate but less conservative results would be obtained by more involved calculations.

Note 5—**Miscellaneous Reserves.** For many years it has been the policy of the Company to set up reserve accounts on a conservative long-term basis. It is, therefore, considered likely that in the event of discontinuance of the Company's business, some portion of the present reserves may become available for transfer to Surplus Account.

Note 6—**Depreciation Reserve.** An appraisal of the physical property of Winnipeg Electric Company and its wholly owned subsidiaries by Stone & Webster Engineering Corporation is summarized as follows:

Cost to reproduce, as of 30th September 1950	
New.....	\$122,315,700
New, less depreciation.....	96,673,800
	<hr/>
Depreciation, approximately	
21% of the gross amount....	\$ 25,641,900
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The accumulated reserve for depreciation, as shown on the Balance Sheet (after deducting an item of \$2,043,443 transferred from Property Reserve prior to 1936), represents materially more than 21% of the gross book value of property assets as shown on the Balance Sheet.

FACTS ABOUT YOUR COMPANY AND ITS SUBSIDIARIES

(As at December 31st, 1950)

1. It renders service to a population of approximately 370,000.
2. It has 3 hydro-electric plants on the Winnipeg River with an ultimate capacity of 400,000 h.p.
3. It has 4 terminal stations, 10 major substations and 19 tap-off stations.
4. It has 858 miles of high tension transmission circuits.
5. The power generated by its power plants during the year totalled 1,629,869,600 kilowatt hours.
6. It carried 91,631,604 revenue passengers in 1950.
7. It operated 13,914,263 car, motor bus and trolley bus miles during the year.
8. It had 171 passenger street cars, 170 motor buses and 134 trolley buses.
9. It operates 21 miles of street car routes; 85 miles of motor bus and 29 miles of trolley bus routes.
10. It has 54.82 gross miles of track, of which 26.24 miles is paved and 28.58 open track.
11. It has a By-Product Coke Oven plant with a total daily gas capacity of 2,500,000 cubic feet, and a saleable annual domestic coke production of 47,500 tons. A Liquid Petroleum gas plant of 500,000 cubic feet capacity per day is available for heavy peak or other emergency loads.
12. Gas Sales for the year totalled 791,434,200 cubic feet. Coke Sales totalled 47,317 tons.
13. It has a water gas standby plant capable of taking over the entire load of the coke oven plant. It has 145 miles of gas mains.
14. It had a Gross Revenue of \$15,958,922.29.
15. It had a total payroll in 1950 of \$6,007,396.97.
16. It employs 2,329 people.
17. Average annual earnings per employee, excluding executives, \$2,449.83 or \$47.11 weekly.
18. It paid in taxes in 1950 a total of \$2,146,817 which includes \$1,063,400 estimated for Dominion and Provincial Income Taxes.

