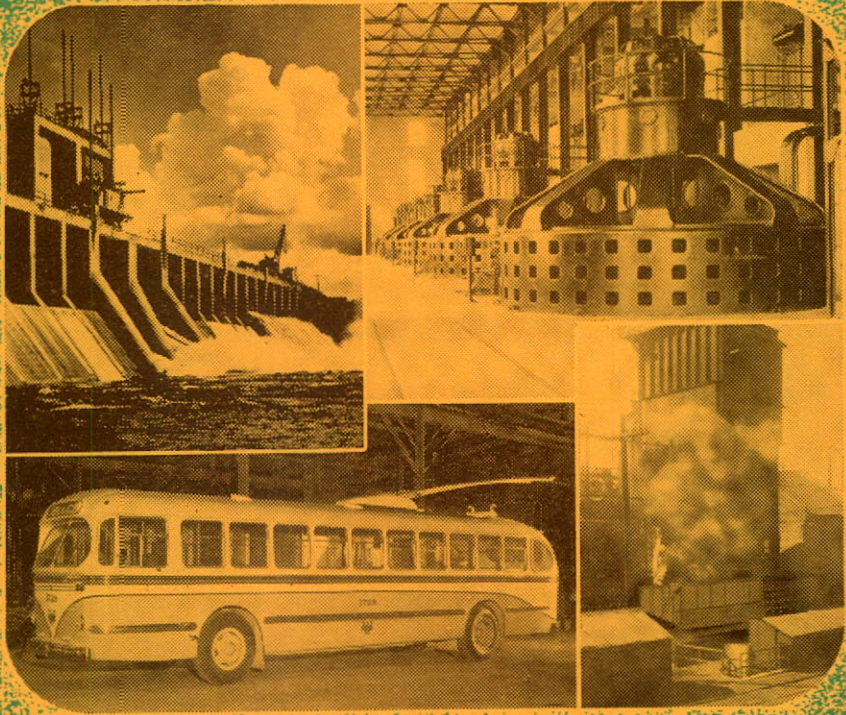


FIFTY - SEVENTH

ANNUAL REPORT



WINNIPEG ELECTRIC C O M P A N Y

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NINETEEN HUNDRED AND FORTY-NINE

BOARD OF DIRECTORS

- EDWARD ANDERSON, K.C., LL.D., Barrister,
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, President, {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.

ANNUAL REPORT

OF

WINNIPEG ELECTRIC COMPANY
FOR THE FISCAL YEAR ENDED
THIRTY-FIRST OF DECEMBER
NINETEEN FORTY-NINE

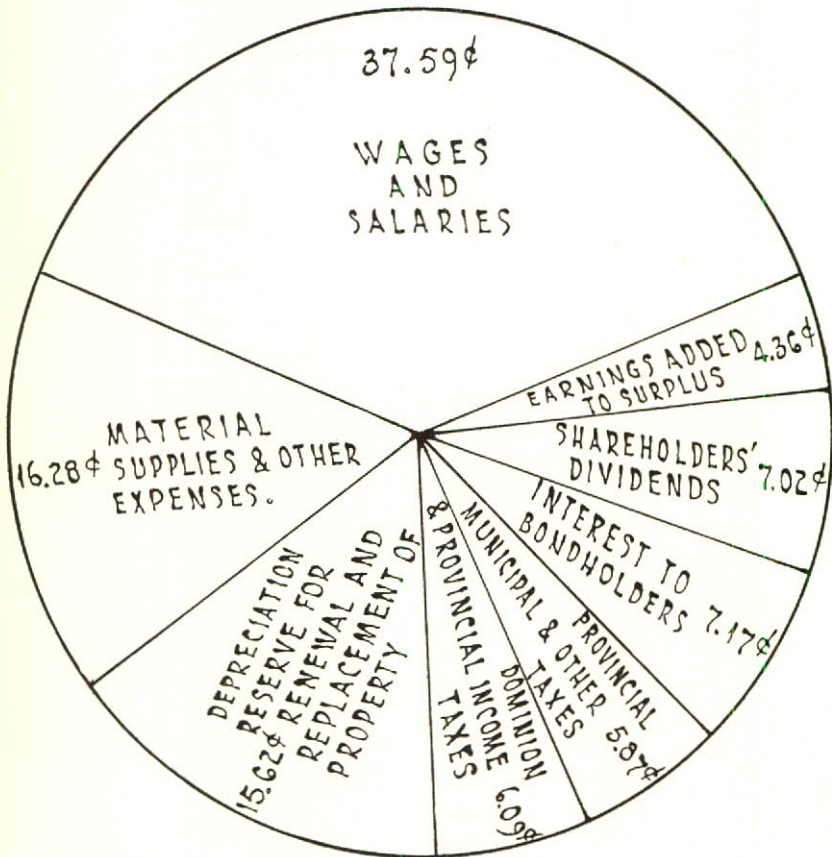
*Submitted at the Fifty-seventh Annual Meeting
Held on the first day of May
Nineteen Fifty*

To the Shareholders:

Your Board of Directors presents herein its Annual Report on the affairs of your Company for the year ended December 31st, 1949 and submits the following financial statements:

Balance Sheet and Auditors' Report
Income Account for 1949

Gross Earnings from Operations amounted to \$14,470,692.98 to which is added Net Miscellaneous Income of \$287,497.62, making a total gross revenue of \$14,758,190.60. The following chart shows how each dollar of this 1949 revenue was distributed:



The Gross Payroll for the year amounted to \$5,876,114, being \$218,136 more than for 1948 due principally to increased wage rates but to a small degree to a slightly higher number of employees. Of this gross payroll 94.4% is charged to operation and the remainder to construction.

Net Income for 1949 shows an increase of \$409,137 over 1948.

Due to heavy capital expenditures during the past year, principally in connection with the extension of our Seven Sisters Falls

Power Plant and transmission lines required to meet demands for more power, and for additional equipment and improvement of our transportation system, the Working Capital position of the Company has been temporarily impaired.

The large capital expenditures made during 1949 have been met by the sale of \$2,000,000 $3\frac{3}{4}$ First Mortgage Bonds and in part from current funds, without recourse to Bank loans.

Total Capital Expenditures for all purposes of the Company in 1949 amounted to \$5,236,899.

ELECTRIC UTILITY

Gross Revenue from the sale of electricity (excluding inter-company sales) amounted to \$6,764,449.77, an increase of 10.2% over 1948, while operating expenses, excluding taxes and depreciation, were 3% higher. During the year, 8595 new services were connected of which 2,779 were for lighting, 3272 for cooking, 2480 for water heating and 64 for power and these along with increased sale of bulk power to the Province of Manitoba Hydro-electric Commission, which distributes electricity to many towns and rural districts in the province, accounted for an increased connected load of 64,066 h.p. During the past five years the number of housing units in the Greater Winnipeg area has increased from approximately 70,000 to over 90,000.

The work on the extension of the Seven Sisters power plant continued during the year with the new section of the power house being completed except for minor partitioning work and inside floors. No. 4 unit was put into operation in December and has since been operating continuously at full output. The dykes to raise the head of water were completed except for minor finishing off to be completed this spring and the additional head to be obtained from these dykes will be available this coming summer after the area which will be flooded by raising the head has been finally cleared. At the present time about 60% of available increased head is being utilized.

It is anticipated that No. 5 unit will be in operation in the early summer. The turbine has already been delivered and the generator is expected before this report is distributed. The present installed capacity at Seven Sisters with four machines is 150,000 h.p. and with the installation of the 5th unit will be raised to 187,500 h.p. There is still provision for a 6th unit which will bring the capacity of the plant to 225,000 h.p.

In addition to the work at the power plant, a new transmission line is being constructed from Seven Sisters to the Company's sub-station at Transcona. Most of the towers have been erected and it is expected this line will be completed before spring.

Capital expenditure during 1949 on the Seven Sisters plant and the new transmission line amounted to \$4,012,037 and since 1946, total capital expenditures of \$9,156,336 have been made on this plant. Other capital expenditures for the Electric Utility in 1949 amounted to \$823,407.

Your Company has, at present, three hydro-electric plants on the Winnipeg River—Pinawa with a capacity of 30,000 h.p., Great Falls with 168,000 h.p. but which has been considerably exceeding its

rated capacity and Seven Sisters. Pinawa, which commenced operation in 1906 and which is built on a branch channel of the river, will be closed down this summer in order to provide the full flow of the river through Seven Sisters where we get more value from the water on account of the increased head.

The peak load on the system for the year was 337,000 h.p. and the total output was 1,362,589,300 kilowatt hours.

TRANSPORTATION UTILITY

Gross Revenue from the transportation system showed an increase of \$398,787 over the previous year although there was a decrease of 2,205,877 in the number of passengers carried. This is partly accounted for by a slight increase in fares which went into effect on November 15th, 1948.

Operating Expenses, excluding taxes and depreciation, were approximately 5% over the previous year, most of the increase being caused by the higher wage rates in effect.

Continuing our plans for modernizing the transportation system the Company, in September, converted its Corydon Avenue route to trolley bus operation. To indicate the progress made in the last eleven years in modernizing the system we show below miles operated by the various types of vehicles in four different years:

Year	Miles Operated by Street Cars	Miles Operated by Trolley Buses	Miles Operated by Motor Buses	Miles Operated by All Vehicles
1939.....	6,437,644	327,216	2,966,250	9,731,110
1942.....	6,220,785	892,235	4,684,653	11,797,673
1946.....	7,820,253	1,465,325	6,579,414	15,864,992
1949.....	5,413,895	3,352,700	6,016,065	14,782,660

It will be observed that the modernizing is reducing the service operated with street cars and motor buses and increasing the service operated with trolley buses. Approximately 58% of our passengers are now carried in rubber-tired vehicles. In December we purchased 10 new 48 seat trolley buses which, with a few extras put on in our own shops, cost approximately \$247,000. A picture of one of these standing in the garage is shown in this report. We also show a picture of a cinder spreader designed and built by our own employees.

Capital expenditures during 1949 for the Transportation Utility amounted to \$363,966.

GAS UTILITY

The Gas Utility showed an increase of 4.25% in cubic foot sales, all classifications except Domestic Cooking joining in this increase. Gross Revenue increased almost 9%, a small proportion of this resulting from the increased sale of liquid propane in cylinders to Home Gas Limited which distributes them to its customers in the rural districts of Manitoba. The remainder reflected a full year's operation under the increased gas rates granted by the Municipal and Public Utility Board on October 15, 1948. The entire domestic coke production of 46,400 tons was readily absorbed by the local market.

Peak load send-outs continue to run 35% above the original capacity of the Plant but are carried quite easily by the liquid petroleum gas plant installed several years ago.

Capital expenditures during 1949 for the Gas Utility amounted to \$19,531.

TAX PAYMENTS FOR THE YEAR 1949

(Excluding accrual for Dominion and Provincial Income Taxes)

The Company paid in taxes in the year 1949	
To the City of Winnipeg in respect of its Transportation Utility for 5% Gross Earnings Charge, Car and Bus Licenses and Fixed Assessment.....	\$405,419.73
To the City of Winnipeg for Property and Other Taxes.....	202,850.59
	<u>\$ 608,270.32</u>
To the Province of Manitoba and Municipalities for Property and Other Taxes including Gasoline Tax, Vehicle Licenses, etc.....	403,639.54
Winnipeg, Selkirk & Lake Winnipeg Railway Co. and Suburban Rapid Transit Company Taxes.....	20,972.10
	<u>\$1,032,881.96</u>
Total amount of Taxes before Dominion and Provincial Income Taxes.....	<u>\$1,032,881.96</u>
This total is \$63,825.51 higher than for the year 1948.	
Dominion and Provincial Income Taxes for the year 1949 estimated....	\$ 899,150.00

DIVIDENDS

Dividends totalling 5% on Preference shares and \$1.40 per share on Common shares were paid in the year 1949. These dividends were paid half on June 30th and half on December 31st. Total dividends paid to shareholders in 1949 were \$1,035,304.60.

EMPLOYEES

There were 2376 employees on the payroll at December 31st, being 27 more than on the corresponding date in the previous year. It is gratifying to note that the percentage of turnover amongst our employees is considerably lower than the average for all public utilities operating in the three prairie provinces.

The wage agreements which were in effect at the beginning of the year expired on March 31st and demands were made on the Company for increased rates and the establishment of a pension scheme. After negotiation without result, the Provincial Government appointed a Board of Conciliation and that Board recommended that an increase of 5% be granted, retroactive to April 1st and that a pension scheme be established as soon as practicable. The wage increase was put into effect and committees representing employees and management appointed to work jointly in an effort to formulate a scheme which would be satisfactory to the employees and within the means of the Company.

Both the employees and management are very proud of the fact that there has not been a strike by any group of employees for over 30 years.

Your Board of Directors desires to record its appreciation of the loyal and able services of 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)..... \$88,863,995.80

SUNDRY INVESTMENTS..... 4,312.00

CASH IN BANKS AND ON HAND..... \$ 209,251.58

CONSUMERS' AND OTHER ACCOUNTS RECEIVABLE, including instalment contracts, less Reserve for Doubtful Accounts... 1,128,129.51

WORKING FUNDS AND DEPOSIT WITH WORKMEN'S COMPENSATION BOARD, etc..... 85,963.80

MATERIALS, SUPPLIES AND MERCHANDISE FOR SALE..... 1,176,105.40

INSURANCE PREMIUMS AND OTHER EXPENSES paid in advance .. 64,004.63
2,663,454.92

FUNDS ON DEPOSIT TO MEET SPECIFIC LIABILITIES:
(per Contra)..... 45,711.14

DEFERRED CHARGES, MISCELLANEOUS..... 57,747.28

DEFERRED ACCOUNTS RECEIVABLE:

Estimated Refundable Portion of Excess Profits Tax
(per Contra)..... \$199,313.33
Special Contract—Deferred Instalments..... 115,479.17
314,792.50

\$91,950,013.64

AUDITORS' REPORT

To the Shareholders, Winnipeg Electric Company, Winnipeg.

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 1949, and report that we have obtained all the information and explanations we have required.

Depreciation for the year has been provided for at the rates recognized by the Municipal & Public Utility Board of the Province of Manitoba, applied to the Company's book values. Income Tax assessments received and pending, in respect of profits of subsidiary companies for the six years ended 31st December 1948, indicate the possibility of a further net liability of approximately \$275,000.00 in excess of the provision for such taxes. It is the intention of the Companies to appeal these assessments.

Subject to the question of the sufficiency of the Depreciation Reserve as a whole and of the provision for Income and Excess Profits Tax liability, the above Balance Sheet is, in our opinion, 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, 22nd March, 1950.

AND SUBSIDIARY COMPANIES

T AT 31st DECEMBER 1949

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:

2½% Serial First Mortgage Bonds, maturing \$400,000.00 annually 1st May 1950 to 1956 inclusive.....	\$ 2,800,000.00	
3½% 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	
		28,800,000.00

CURRENT ACCOUNTS PAYABLE, including wages and salaries.....	\$ 2,510,541.97	
CONSUMERS' SECURITY DEPOSITS AND ACCRUED INTEREST.....	142,470.80	
BOND INTEREST ACCRUED.....	180,750.00	
TAXES ACCRUED (estimated).....	634,077.71	
OTHER LIABILITIES.....	283,408.32	
		3,751,248.80

LIABILITIES FOR WHICH FUNDS ARE SPECIALLY EARMARKED:

Matured Interest Coupons.....	\$ 43,987.14	
Scrap Certificates (Northwestern Power Co. Ltd.).....	1,724.00	
		45,711.14

DEFERRED LIABILITIES (Payable in instalments):

Lake of the Woods and Lac Seul Storage Charges, etc.....		543,038.06
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DEFERRED CREDITS TO INCOME.....		94,970.89
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MISCELLANEOUS RESERVES:

For Deferred Maintenance and Reconversion.....	\$ 485,141.57	
For Injuries and Damages, Leased Premises, Contingencies, etc.....	519,921.95	
		1,005,063.52

DEPRECIATION AND PROPERTY RESERVES:

Depreciation Reserve.....	\$29,789,880.57	
Property Reserve (from Appraisal, Property of Manitoba Power Company Limited).....	7,290,947.36	
		37,080,827.93

DEFERRED CREDIT TO SURPLUS:

Estimated Refundable Portion of Excess Profits Tax (per Contra).....		199,313.33
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EARNED SURPLUS (Net Earnings from Operation and other Net Profits).....		4,513,514.16
(The Bond Mortgage prohibits payment by the Company of any dividend which would reduce the Earned Surplus below \$1,250,000.00)		

CONTINGENT LIABILITY:

Income Tax Assessments of prior years, as explained in Auditors' Report.

CAPITAL COMMITMENTS:

In connection with its programme for the extension of power plant facilities, the Company has incurred commitments involving capital expenditures of approximately \$600,000.00 in the year 1950.

\$91,950,013.64

WINNIPEG ELECTRIC COMPANY AND
SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1949

GROSS EARNINGS FROM OPERATION.....	\$14,470,692.98
OPERATING EXPENSES.....	7,894,209.67
NET OPERATING INCOME.....	\$ 6,576,483.31
Miscellaneous Income, net (including credit for Interest charged during construction \$165,033.84).....	287,497.62
GROSS INCOME.....	\$ 6,863,980.93
Interest on Funded Debt.....	\$1,057,824.28
Other Interest.....	45,442.39
Taxes.....	867,117.12
Depreciation.....	2,305,425.14
Provision for Dominion and Provincial Income Taxes (estimated).....	899,150.00
Other Income Deductions.....	9,956.50
NET INCOME.....	\$ 1,679,065.50

SURPLUS ACCOUNT

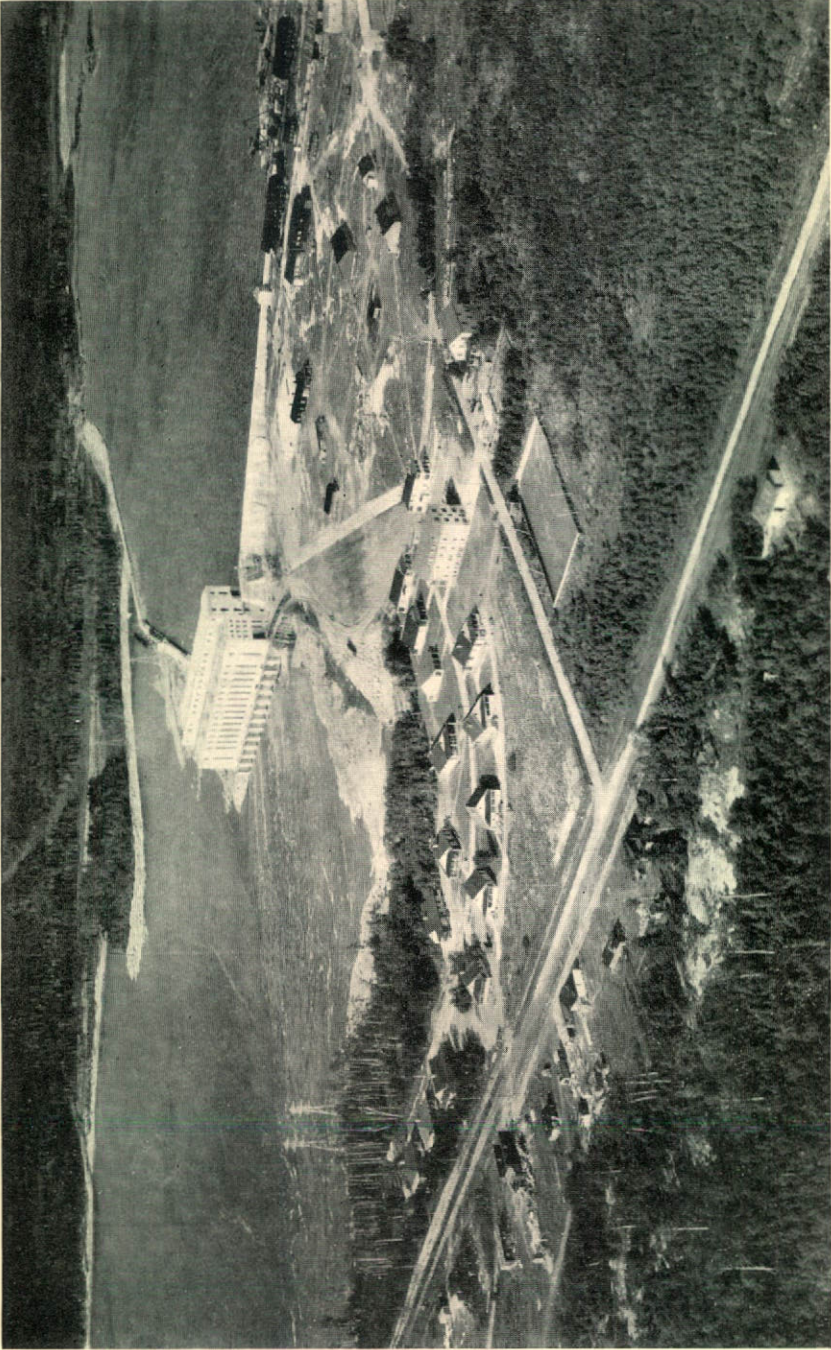
BALANCE, 1st January 1949.....	\$ 3,873,192.45
ADD:	
Net Income for the year 1949.....	\$1,679,065.50
Adjustments in property accounts of Parent and Subsidiary Companies.....	16,492.07
	1,695,557.57
	\$ 5,568,750.02
DEDUCT:	
Dividends on Preference Stock.....	\$ 250,000.00
Dividends on Common Stock.....	785,304.60
Adjustments in Subsidiary Companies Income Taxes of prior years.....	19,931.26
	1,055,235.86
BALANCE, 31st December 1949.....	\$ 4,513,514.16



Pinawa, the Company's first hydro-electric plant, which commenced operation in 1906 and which will be closed down this year. It generated 30,000 h.p.



Seven Sisters Falls power plant showing completed powerhouse, new channel, dyking and townsite. Rated capacity when all units installed, **225,000 h.p.**



Great Falls power plant which commenced operation in 1923. Rated capacity 168,000 h.p.



One of 10—43 seat trolley buses put into service in December 1949.



Cinder spreader designed and built by Company employees.

FACTS ABOUT YOUR COMPANY AND ITS SUBSIDIARIES

(As at December 31st, 1949)

1. It renders service to a population of approximately 365,000.
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, 9 major substations and 20 tap-off stations.
4. It has 785 miles of high tension transmission circuits.
5. The power generated by its power plants during the year totalled 1,362,589,300 kilowatt hours.
6. It carried 97,483,188 revenue passengers in 1949.
7. It operated 14,782,660 car, motor bus and trolley bus miles during the year.
8. It had 186 passenger street cars, 176 motor buses and 104 trolley buses.
9. It operates 30 miles of street car routes; 86 miles of motor bus and 23 miles of trolley bus routes.
10. It has 63.29 gross miles of track, of which 33.67 miles is paved and 29.62 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 46,000 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 778,587,800 cubic feet. Coke Sales totalled 47,188 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 employs 2,376 people.
15. It had a total payroll in 1949 of \$5,876,114.12.
16. Average annual earnings per employee, excluding executives, \$2,393.11.
17. Average weekly earnings per employee, excluding executives, \$46.02.
18. It paid in taxes in 1949 a total of \$1,032,881.96 exclusive of Dominion and Provincial Income Taxes.

