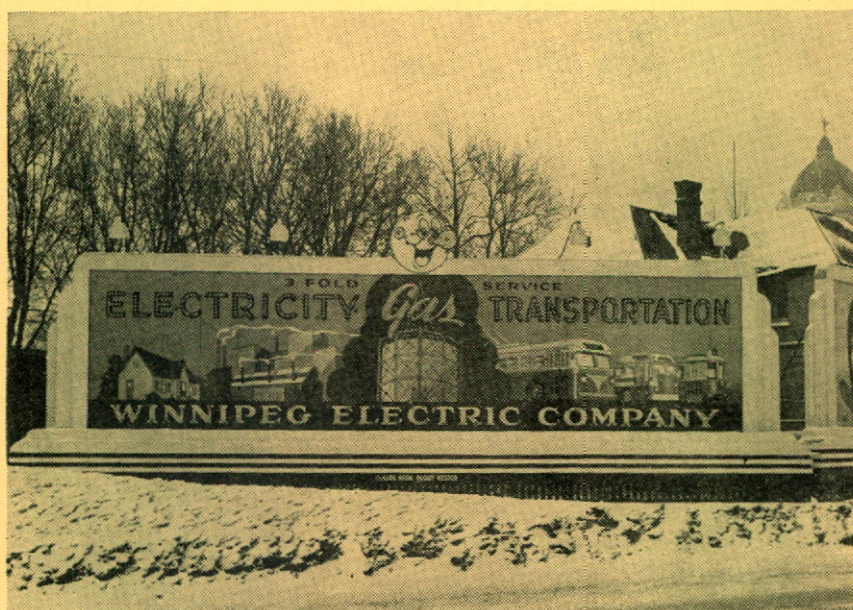


Corporate
File

WINNIPEG ELECTRIC COMPANY



FIFTY-FIFTH
ANNUAL REPORT

NINETEEN FORTY-SEVEN

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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.
- FRANK E. KRUESI, President, Central and South West Corporation,
Wilmington, Delaware, U.S.A.
- D. H. McDOUGALL, Gentleman,
Toronto, Ontario, Canada,
- J. A. McPHAIL, K.C., President, Great Lakes Power Company,
Saulte 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, The Northern Trusts Company,
Winnipeg, Manitoba, Canada.
- H. E. SELLERS, C.B.E., LL.D., President, Federal Grain Ltd.,
Winnipeg, Manitoba, Canada.
- P. A. THOMSON, Vice-President, Nesbitt, Thomson & Co., Investment
Dealers,
Montreal, Quebec, Canada.
- WILLIAM WHYTE, Manager, Huron & Erie Mortgage Corpn. and Canada
Trust Co.,
Winnipeg, Manitoba, Canada.

OFFICERS

- W. H. CARTER, *President and General Manager,*
C. S. RILEY, *Vice-President,*
C. F. LIDSTER, *Treasurer and Comptroller,*
S. N. CURRIE, *Secretary.*
-

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-SEVEN

Submitted at the Fifty-fifth Annual Meeting

Held on the third day of May

Nineteen Forty-eight

Report of the President and Directors Winnipeg Electric Company

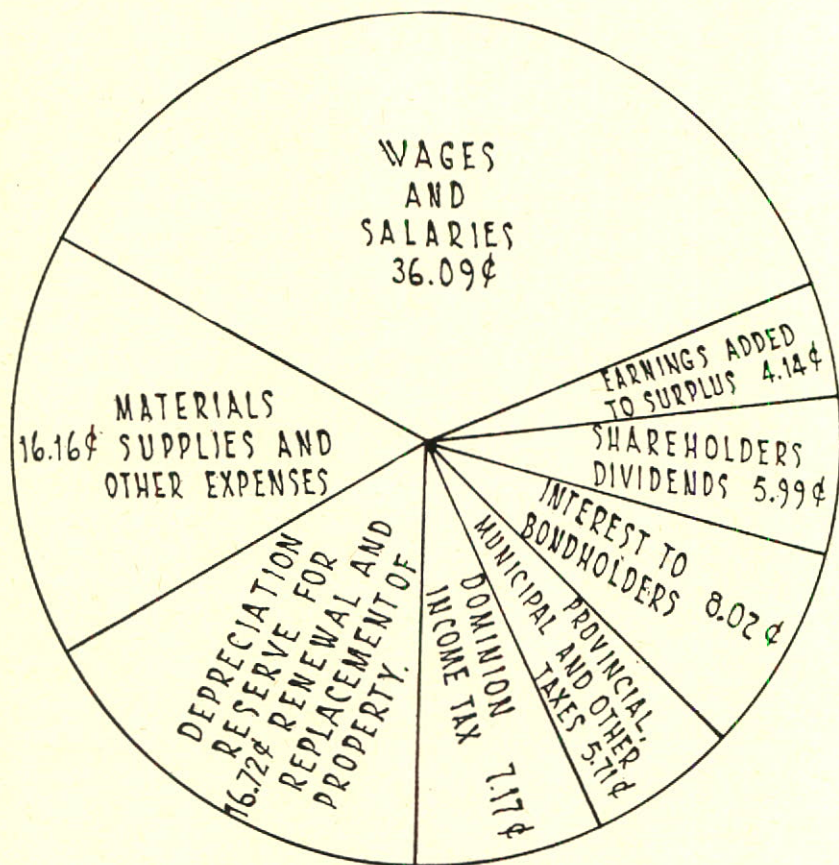
For the Year Ended December 31st, 1947

To the Shareholders:

The Board of Directors of Winnipeg Electric Company is pleased to present its Annual Report on the financial position of your Company for the year ended December 31st, 1947, and submits the following statements:

Balance Sheet and Auditors' Report
Income Account for 1947

The following chart shows how each dollar of the 1947 revenue was distributed:



The Gross Earnings of the Company as a whole continued to show an upward trend. This amounted to \$282,078.28, but it was largely offset by an increase in Operating Expenses of \$219,582.57 on account of greater labor and material costs.

The Gross payroll of the Company for the year amounted to \$5,078,754, an increase of \$364,225 over 1946.

The Net Income for the year shows an increase of \$398,005.79 over 1946. This is due principally to a saving of \$251,094.85 in Bond Interest as a result of the 1946 refinancing of the Company's Bonds, and to a reduction of \$193,500.00 in Income and Excess Profits Taxes by reason of reduced rates.

It is interesting to note that in the refinancing of the Company's Funded Debt on May 1st, 1946, there was a Net Saving of \$478,343.62 in 1947 Bond Interest over the year 1945.

The demand for electricity continued to show a steady increase. Our three hydro-electric power plants generated a total of 1,277,514-800 kilowatt hours, an increase of 4.7% over the previous year and gross revenue from the sale of electricity (excluding inter-company power sales) showed an increase of \$418,648.33 or 8.1% over the year 1946. The reason for the revenue showing a greater percentage of increase than the generation is that the increased demand for firm power required us to curtail the sale of secondary or surplus power for steam-making purposes and this secondary power when available is sold at a very small fraction of our regular rates. During the year we connected 5,707 new services, of which 1,995 were for lighting, 1,737 for cooking, 1,904 for water heating and 71 for power. These new services added 35,228 horsepower to our connected load.

EXTENSION OF SEVEN SISTERS FALLS PLANT

This work, now under way at an estimated cost of approximately \$8,000,000, comprises the removal of about 653,000 cubic yards of rock from the river bed, to form a discharge channel 140 feet in width and 3,900 feet in length; the raising of earth dykes above the plant some 14 feet; and the ultimate flooding of 3,500 acres of land. It is expected that the rock cut and dyke work will be completed this coming fall.

The effect of this will be to increase the head from the present 38 feet up to 66 feet and thereby raise the capacity of the present three units by 50,000 h.p.

Two additional units are also on order, one of which is to be installed at the end of 1949 and the other at the end of 1950 and work will start this spring on the completion of the power house building to house these units. When this work is completed there will be space for one more 37,500 h.p. unit.

In addition, there are certain extensions being made in the city terminal and on the transmission line system to take care of this additional power when it is available.

The installation of the additional units will necessitate the diversion of the water, now going down the Pinawa channel, into the main channel.

During the past year our street cars, electric trolley buses and gasoline motor buses carried 102,802,620 revenue passengers, this being 3,180,650 less than in 1946 and is accounted for almost wholly by the fact that there were approximately 6,000 more automobiles licensed in the Winnipeg area than in the previous year. On the other hand, operating expenses (excluding taxes and depreciation) were about 3 percent higher due to higher wages and increased cost of materials. As one example of increased prices of materials we might cite copper trolley wire for which in the first half of 1946 we paid \$20.50 per cwt. while in the second half of 1947 we paid \$35.20, an increase of over 70%.

The modernization of the system, that is the conversion of street railway operation to electric trolley bus and gasoline motor bus, has proceeded as fast as we have been able to procure new equipment. During the year we converted two routes to trolley bus operation, one of these being formerly operated by street cars and the other by gasoline buses. Forty-four new trolley buses and twenty new gasoline buses were received and put into operation and three new substations were built to provide the additional power required for trolley bus operation. One of these new substations is fully equipped and in operation and we are waiting for the machinery, now on order, to complete the other two.

Owing to the continued decrease in passenger revenue, the greatly increased cost of materials and a demand by the employees for a substantial increase in wages, it is considered necessary that fares be increased and to that end, we recently made application to the Municipal and Public Utility Board for approval of a new fare schedule which it is estimated would raise the average fare from the present 6.6 cents to 8.1 cents. Up to the time of this report going to the printer, we have not had any decision.

The Gas Utility showed an increase in Cubic Foot Sales of 3.5%, and in Revenue of 4.35%, over the previous year, the latter being helped by the Municipal and Public Utility Board allowing us to cancel several of the low rate steps in our Gas Rates. Peak Load Sendouts continue to run 35% over the original capacity of the Plant but additions to the original Liquid Petroleum Gas Plant have enabled this to be carried with no difficulty. Two additional 30,000 gallon Propane Storage Tanks were installed during the year with additional vaporizing equipment, together with facilities for loading Propane into steel cylinders. An agreement has been entered into with Home Gas Limited to load their cylinders with Liquid Propane which they distribute to their customers in rural districts of Manitoba. This product is commonly known as "bottled gas." Our domestic Coke continues to be in great demand, the entire production being absorbed in the local market.

TAX PAYMENTS FOR THE YEAR 1947

(Excluding accrual for Dominion Income Taxes)

The Company paid in Taxes in the year 1947:

| | |
|--|---------------------|
| To the city of Winnipeg in respect of its Railway Utility for 5% Gross Earnings charge, Car and Bus License, and Fixed Assessment..... | \$359,953.42 |
| To the City of Winnipeg for Property and Other Taxes..... | 185,941.85 |
| | <u>\$545,895.27</u> |
| To the Province of Manitoba and Municipalities for Property and Other Taxes, including Gasoline Tax, Vehicle licenses, etc..... | 377,316.56 |
| | <u>\$923,211.83</u> |
| Taxes paid by Winnipeg, Selkirk and Lake Winnipeg Railway Company and Suburban Rapid Transit Company amounted to..... | 23,257.32 |
| | <u>\$946,469.15</u> |
| Making the total amount paid for Taxes before Dominion Income Taxes..... | \$946,469.15 |
| Dominion Income Taxes for the year 1947 estimated..... | <u>\$961,500.00</u> |

DIVIDENDS

Dividends of $2\frac{1}{2}\%$ each were paid on June 30th and December 31st to the registered holders of the Preference Shares of the Company, making a total of 5% for the year. Also, dividends of 50 cents each per share were paid on the same dates to the registered holders of Common Shares, making a total of \$1.00 per share for the year.

EMPLOYEES

It is with profound regret that we have to report the death last July of Mr. W. E. Blodgett who had been Comptroller for 25 years and for the past eight years Comptroller and Treasurer of your Company. Mr. C. F. Lidster, who had been for many years Internal Auditor, was appointed Comptroller and Treasurer.

During the year 628 new employees were taken on, 58 of these being students employed for summer work. The total number employed on December 31st was 2,436, being 4 more than on the same day of the previous year. Thirty-seven long service employees were retired and received gratuitous allowances.

Wage agreements with our organized employees, which had been in effect from May 1st, 1946, expired on December 31st, 1947. Demand has been made for a substantial increase in wages and for certain other changes in working conditions which would add materially to the cost of operations. Your Company cannot possibly meet these demands but it is hoped that contingent upon permission from the Municipal and Public Utility Board to institute a proposed increase in our fares for passenger transportation, an agreement acceptable to both employees and management can be arranged.

Your Board of Directors acknowledges the loyal and efficient services of the executive staff and other employees during the past year.

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).....\$79,581,933.76

INVESTMENTS:

Dominion of Canada and other Bonds (Market Value approximately \$3,000,000.00)..... 2,998,011.00

CASH IN BANKS AND ON HAND.....\$ 593,379.86

CONSUMERS' AND OTHER ACCOUNTS RECEIVABLE, less Reserve for Doubtful Accounts..... 945,799.92

WORKING FUNDS AND DEPOSIT WITH WORKMEN'S COMPENSATION BOARD, etc..... 70,824.13

MATERIALS, SUPPLIES AND MERCHANDISE FOR SALE..... 1,186,797.21

INSURANCE PREMIUMS AND OTHER EXPENSES paid in advance.... 94,161.82

FUNDS ON DEPOSIT TO MEET SPECIFIC LIABILITIES (per Contra).. 2,890,962.94
74,506.15

DEFERRED CHARGES, MISCELLANEOUS..... 61,198.80

EXPENDITURE ON LEASED PREMISES (Reserved per Contra)..... 37,504.64

DEFERRED ACCOUNT RECEIVABLE:

Estimated Refundable Portion of Excess Profits Tax (per Contra)..... 219,800.00

\$85,863,917.29

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 1947, 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 and Public Utility Board of the Province of Manitoba, applied to the Company's book values. Subject to the question of the sufficiency of the depreciation reserve as a whole, 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 us, and as shown by the books.

Winnipeg, 17th March 1948.

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

AND SUBSIDIARY COMPANIES

AS AT 31st DECEMBER, 1947

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 Accounts..... | 2,334,652.90 | |
| | | 11,419,868.17 |

\$16,419,868.17

FUNDED DEBT:

| | | |
|---|-----------------|---------------|
| 2¾% Serial First Mortgage Bonds, maturing \$400,000.00 annually 1st May, 1948 to 1956, inclusive..... | \$ 3,600,000.00 | |
| 3¾% Series First Mortgage Bonds, due 1st May 1971 | 11,000,000.00 | |
| 4% Series First Mortgage Bonds, due 1st May 1971 | 13,000,000.00 | |
| | | 27,600,000.00 |

| | | |
|---|-----------------|--------------|
| CURRENT ACCOUNTS PAYABLE, including wages and salaries..... | \$ 1,345,831.51 | |
| BOND INTEREST ACCRUED..... | 171,916.66 | |
| TAXES ACCRUED (estimated)..... | 613,457.48 | |
| CONSUMERS' SECURITY DEPOSITS AND ACCRUED INTEREST..... | 138,144.15 | |
| OTHER LIABILITIES..... | 149,213.50 | |
| | | 2,418,563.30 |

LIABILITIES FOR WHICH FUNDS ARE SPECIALLY EARMARKED:

| | | |
|---|--------------|-----------|
| Matured Interest Coupons..... | \$ 72,739.65 | |
| Scrip Certificates (Northwestern Power Co. Ltd.)..... | 1,766.50 | |
| | | 74,506.15 |

DEFERRED LIABILITIES (Payable in instalments):

| | | |
|--|--|------------|
| Lake of the Woods and Lac Seul Storage Charges, etc..... | | 558,475.45 |
|--|--|------------|

| | | |
|---------------------------------|--|-----------|
| DEFERRED CREDITS TO INCOME..... | | 85,878.99 |
|---------------------------------|--|-----------|

MISCELLANEOUS RESERVES:

| | | |
|--|---------------|--------------|
| For Deferred Maintenance and Reconversion..... | \$ 731,173.03 | |
| For Injuries and Damages, Leased Premises, Contingencies, etc..... | 590,001.11 | |
| | | 1,321,174.14 |

DEPRECIATION AND PROPERTY RESERVES:

| | | |
|--|-----------------|---------------|
| Depreciation Reserve..... | \$26,559,356.50 | |
| Property Reserve (from Appraisal, Property of Manitoba Power Company Limited)..... | 7,290,947.36 | |
| | | 33,850,303.86 |

DEFERRED CREDIT TO SURPLUS:

| | | |
|--|--|------------|
| Estimated Refundable portion of Excess Profits Tax (per Contra)..... | | 219,800.00 |
|--|--|------------|

| | | |
|---|--|--------------|
| EARNED SURPLUS (Net Earnings from Operation and other Net Profits)..... | | 3,315,347.23 |
|---|--|--------------|

(The Bond Mortgage prohibits payment by the Company of any dividend which would reduce the Earned Surplus below \$1,250,000.00.)

CAPITAL COMMITMENTS:

In connection with its programme for the extension of power plant facilities and the modernization of its transportation system, the Company has incurred commitments involving capital expenditures of approximately \$5,000,000.00 in the year 1948 and further substantial capital expenditures in the years 1949 and 1950.

\$85,863,917.29

WINNIPEG ELECTRIC COMPANY AND
SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1947

| | |
|---|-------------------------------|
| GROSS EARNINGS FROM OPERATION..... | \$13,246,235.99 |
| OPERATING EXPENSES..... | 7,002,274.17 |
| NET OPERATING INCOME..... | <u>\$ 6,243,961.82</u> |
| INTEREST ON INVESTMENTS AND OTHER MISCELLANEOUS INCOME (including credit for Interest charged to Construction \$18,276.35)..... | 155,901.90 |
| GROSS INCOME..... | <u>\$ 6,399,863.72</u> |
| Interest on Funded Debt..... | \$1,035,166.66 |
| Other Interest..... | 38,863.95 |
| Taxes..... | 765,152.57 |
| Depreciation..... | 2,240,502.43 |
| Provision for Dominion and Provincial Income and Excess Profits Taxes (estimated)..... | 961,500.00 |
| Other Income Deductions..... | 846.21 |
| | <u>5,042,031.82</u> |
| NET INCOME..... | <u><u>\$ 1,357,831.90</u></u> |

SURPLUS ACCOUNT

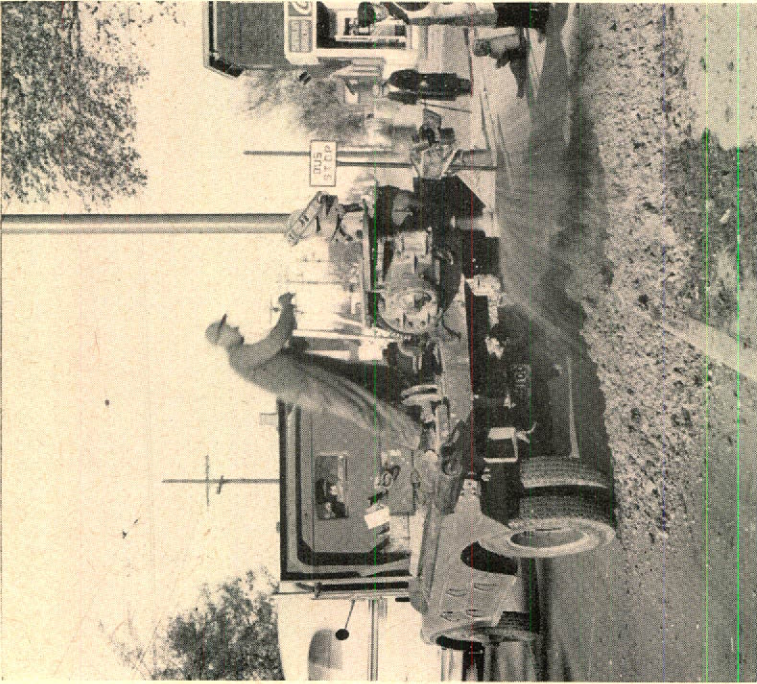
| | |
|--|-------------------------------|
| Balance, 1st January 1947 | \$ 2,775,599.99 |
| ADD: | |
| Net Income for the year 1947..... | 1,357,831.90 |
| | <u>\$ 4,133,431.89</u> |
| DEDUCT: | |
| Dividends on Preference Stock..... | \$ 250,000.00 |
| Dividends on Common Stock..... | 557,494.50 |
| | <u>\$ 807,494.50</u> |
| Adjustments pertaining to prior years, etc. (net)..... | 10,590.16 |
| | <u>818,084.66</u> |
| BALANCE, 31st December 1947 | <u><u>\$ 3,315,347.23</u></u> |



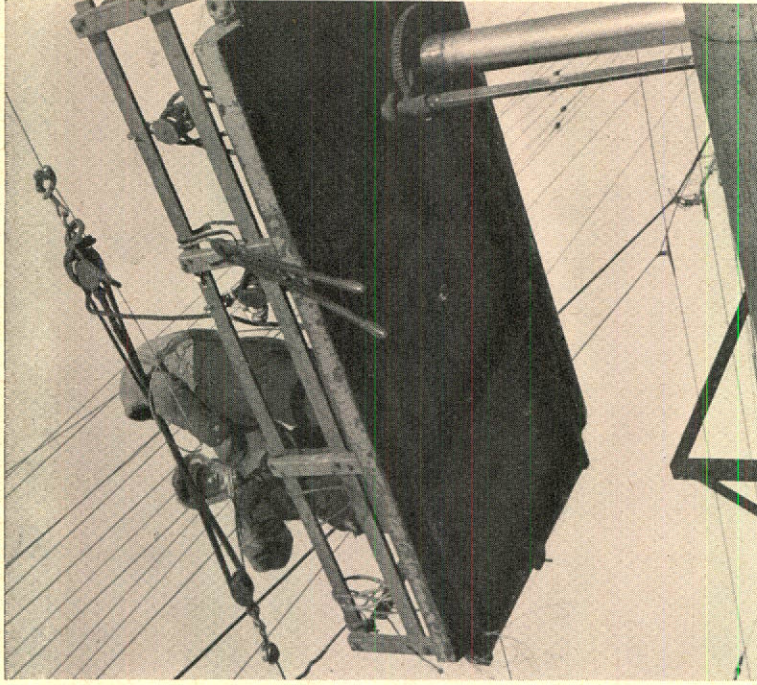
One of our new 40 seat gasoline motor buses. This bus cost approximately 300,000 fares.



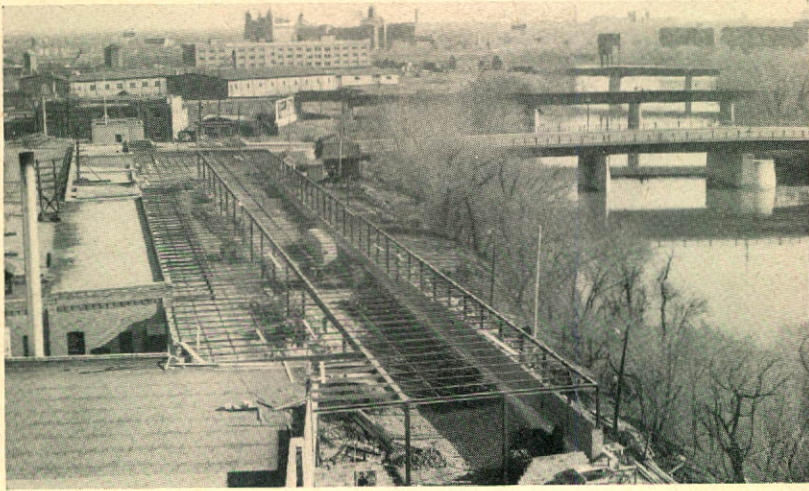
One of 44 new trolley buses purchased in 1947. Each of these cost approximately 333,500 fares.



Earth borer costing \$16,000—Puts in 35 poles per day in pavement. By hand-work the rate would be one pole per day per man.



Cutting in 11" pieces of trolley wire to allow for contraction in below zero temperatures. Five pieces are required per mile and they must be removed in milder weather.



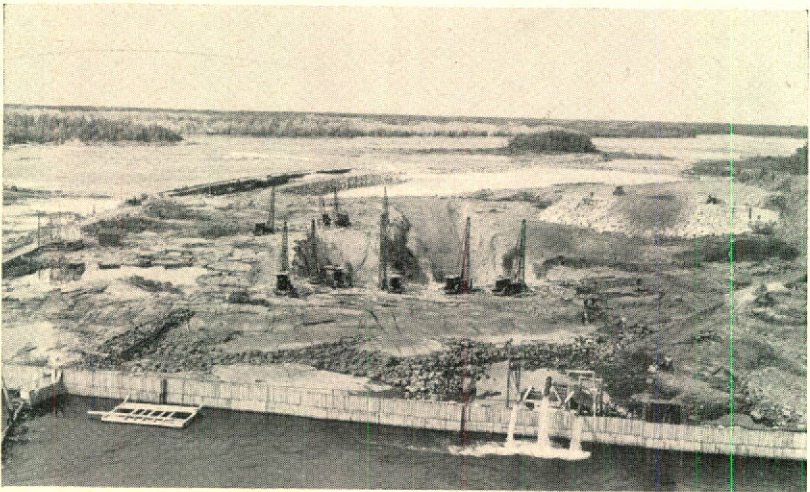
Steel framework of new 385' x 66' trolley bus garage now completed and in use—Cost \$75,000.



Lowering down ramp from 5 1/2 to 500' fall at excavation.
Seven Sisters Falls: Removing rock from riverbed to deepen and extend tailrace.



Seven Sisters Falls: Showing quantity of rock displaced by one blast.



Seven Sisters Falls: Showing general view of cut being excavated. These are well drills in centre.

FACTS ABOUT YOUR COMPANY AND ITS SUBSIDIARIES

(As at December 31st, 1947)

1. It renders service to a population of approximately 350,000.
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 17 tap-off stations.
4. It has 755 miles of high tension transmission circuits.
5. The power generated by its power plants during the year totalled 1,277,514,800 kilowatt hours.
6. It carried 102,802,620 revenue passengers in 1947.
7. It operated 16,370,384 car, motor bus and trolley bus miles during the year.
8. It had 213 passenger street cars, 195 motor buses and 74 trolley buses.
9. It operates 39 miles of street car routes; 111 miles of motor bus and 17 miles of trolley bus routes.
10. It has 6 street car routes; 30 city and suburban motor bus routes; 5 trolley bus routes; and 1 interurban motor bus route.
11. It has 74.16 gross miles of track, of which 43.79 miles is paved and 30.37 open track.
12. It has a By-Product Coke Oven plant with a total daily gas capacity of 2,500,000 cubic feet, and an annual domestic coke production of 45,000 tons. A Liquid Petroleum gas plant of 500,000 cubic feet capacity per day is available for heavy peak or other emergency loads.
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 2,436 people.
15. It had a total payroll in 1947 of \$5,078,754.26.
16. Average annual earnings per employee, excluding executives \$2,046.
17. Average weekly earnings per employee, excluding executives \$39.35.
18. It paid in taxes in 1947 a total of \$946,469.15 exclusive of Dominion Income Taxes.

