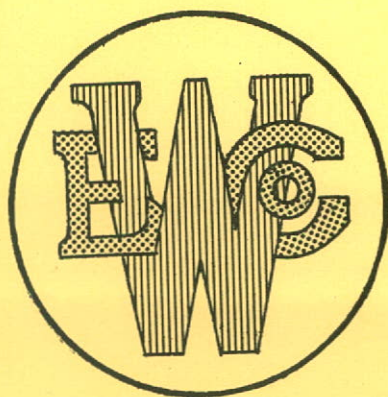


WINNIPEG
ELECTRIC
COMPANY



FIFTY-THIRD
ANNUAL REPORT
NINETEEN FORTY-FIVE

PURVIS HALL
LIBRARIES

APR 29 1946

McGILL UNIVERSITY

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, Middle West Service Company,
Chicago, Illinois, U.S.A.
- D. H. McDOUGALL, Chairman, English Electric Company of Canada,
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, The Northern Trusts Company,
Winnipeg, Manitoba, Canada.
- H. E. SELLERS, 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 Corp'n. and Canada
Trust Co.,
Winnipeg, Manitoba, Canada.

OFFICERS

- W. H. CARTER, *President and General Manager,*
C. S. RILEY, *Vice-President,*
W. E. BLODGETT, *Treasurer,*
S. N. CURRIE, *Secretary.*

ANNUAL REPORT

OF

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

*Submitted at the Fifty-third Annual Meeting
Held on the sixth day of May
Nineteen Forty-six*

Report of the President and Directors Winnipeg Electric Company

For the Year Ended December 31st, 1945

To the Shareholders:

Your Directors are pleased to submit this Fifty-third Annual Report on the financial position of your Company for the year ended December 31st, 1945, and to present the following statements:

Balance Sheet and Auditors' Report
Income Account for 1945.

The following is a condensed consolidated summary of the operating results of all Company activities for the year ended December 31, 1945:

Gross Earnings from Operation.....	\$12,061,201.50
Against which the following are chargeable—	
Operating Labor Costs.....	\$3,877,407.17
Materials and Supplies and other Oper- ating Costs.....	2,271,132.58
	6,148,539.75
	\$ 5,912,661.75
To which is added Miscellaneous Income from Investments and Non-Operating Properties	414,162.43
Making a Total Gross Income of.....	\$ 6,326,824.18
From which the following are deducted:	
Interest on Funded Debt, including interest on Income Bonds for 1945.....	\$1,764,700.34
Taxes excluding Gasoline Tax charged to Operation.....	720,184.11
Depreciation.....	2,114,003.77
Provision for Dominion Income and Excess Profits Taxes (including refundable por- tion \$210,500.00).....	1,410,185.35
Amortization Bond Discount and Expense, etc.....	62,014.94
	6,071,088.51
Leaving a Net Income for the year of.....	\$ 255,735.67

Business activity as well as other factors resulting from the cessation of hostilities has contributed to a continuation of high gross earnings, in which all three Utilities of our Company have

shared. While the increase in gross is gratifying, operating costs also show a very substantial increase, absorbing a large portion of the increase in the gross. Labor costs for the year show an increase of \$263,675.53 while other expenses, including the building up of a reserve for deferred maintenance and re-conversion, show an increase of \$276,703.33. That part of the increase in gross earnings not taken up by increased operating costs was absorbed by increased Dominion Income and excess profits taxes, the net surplus for the year after all operating costs including Series "B" Bond interest and income taxes, being reduced to \$255,735.67.

The Transportation Utility again broke all its previous records by carrying 98,448,227 revenue passengers, an increase of approximately 10% over the previous year which taxed its equipment to the utmost. Eight new trolley buses ordered in 1944 were received and put into service in time to help with the heavier winter traffic. Further orders for additional new equipment were placed in 1945, none of which had been received up to the end of the year.

Tentative plans have been prepared for a comprehensive scheme of modernization of our transportation system over a period of years and a start will be made as soon as satisfactory arrangements can be made with the City Council and the necessary new equipment obtained.

The Company's power plants on the Winnipeg River were able to supply all demands for firm power and surpluses were sold for steam making purposes. The river flow continued in satisfactory volume throughout the year.

In the latter part of the year equipment for the use of liquid petroleum gas was installed at the gas plant. This has been a considerable help by increasing the production of gas at peak periods when the coke ovens alone could not have met requirements and is less costly than operating the water gas plant.

The Company's gross payroll for 1945 amounted to \$4,012,994 of which \$3,877,407 was charged to operation and \$135,587 to construction, while the corresponding figures for 1944 were, gross payroll \$3,694,575, of which \$3,613,732 was charged to operation and \$80,843 charged to construction. The gross payroll in 1939 amounted to \$2,372,966, or approximately 59% of the 1945 figure. The number of employees at December 31st, 1945 was 2,302 as compared with 2,105 in 1944 and 1,850 in 1939.

PREFERENCE STOCK DIVIDEND

A dividend of 5% was paid on the outstanding Preference Stock of the Company during the year, 2½% being paid on June 30th and 2½% on December 31st.

TAX PAYMENTS FOR THE YEAR 1945

(Excluding accrual for Dominion Income, and Excess Profits Tax as shown on Page 1)

The Company paid in taxes in the year 1945:

To the City of Winnipeg in respect of its Railway Utility for 5% Gross Earnings charge, Car and Bus Licenses and Fixed Assessments.....	\$342,450.69
To the City of Winnipeg for Property and Other Taxes..	164,548.97
	<hr/>
	\$506,999.66
To the Province of Manitoba and Municipalities for Property and other Taxes, including Provincial and Dominion Gasoline Tax....	313,964.18
	<hr/>
	\$820,963.84
Taxes paid by Winnipeg, Selkirk & Lake Winnipeg Railway Company and Suburban Rapid Transit Company, amounted to.....	22,348.10
	<hr/>
Making the total amount paid for Taxes before Dominion Income and Excess Profits Taxes.....	<u>\$843,311.94</u>

FINANCING

At a special general meeting of shareholders held on March 18th, 1946, your directors were authorized to proceed with arrangements for the creation of new First Mortgage Bonds to an authorized amount of \$35,000,000 of which \$28,000,000 is to be issued at this time to replace all of the Bonds and Debenture Stock at present outstanding. Notice has been published calling for redemption on May 1st, 1946 all outstanding bonds of the 3½% First Mortgage Bonds due 2nd January, 1960 and the General Mortgage Bonds and Debenture Stock Series "A" and Series "B" due 2nd January, 1965.

This refinancing of your Company's bonded indebtedness will result in a substantial reduction in annual interest charges.

DIRECTORS

At the last annual general meeting of shareholders two of your directors Messrs. William Ferguson and George de B. Greene, both of New York, retired from the Board and Messrs. Frank E. Kruesi, President of Middle West Service Company, Chicago and R. D. Guy, K.C., Barrister, Winnipeg, were elected in their stead.

RECONVERSION AND GENERAL CONDITIONS

During the past six war years Winnipeg has not experienced the war boom that prevailed in a number of other cities in Canada because there were very few new manufacturing plants established here for war purposes only. There was, however, a solid and quite substantial growth during the war years in our sales of power for industrial and commercial uses by our pre-war customers, some of whom temporarily devoted portions of their plants for the production of war materials.

Practically all of this war work has ceased since VE Day, and now most of these customers are well on their way to complete reconversion of their plants to normal peace-time production. There was a marked decrease in revenue from industrial and commercial power sales during the period from June to September last due to the sudden cessation of war work, but since October such revenues have slightly increased over the same months of the previous year as more of such customers have been able to reconvert to normal production.

The elimination early last summer of wartime restrictions on the use of copper enabled the Company to extend its residential circuits to a greater degree than in the war period which, together with this year's increase in house building, has increased its revenue from residential sales of electricity to a materially greater degree than in the war years.

EMPLOYEES

Despite labor difficulties in many industries throughout the continent the relations between your Company's management and employees have continued to be satisfactory and in a spirit of co-operation. It is interesting to note that over 30% of the employees have been with the Company for more than 25 years.

The release of most of the men from military service has provided much needed help and in addition to re-instating all former employees who have applied, the Company has been able to provide employment for nearly 300 other ex-service men.

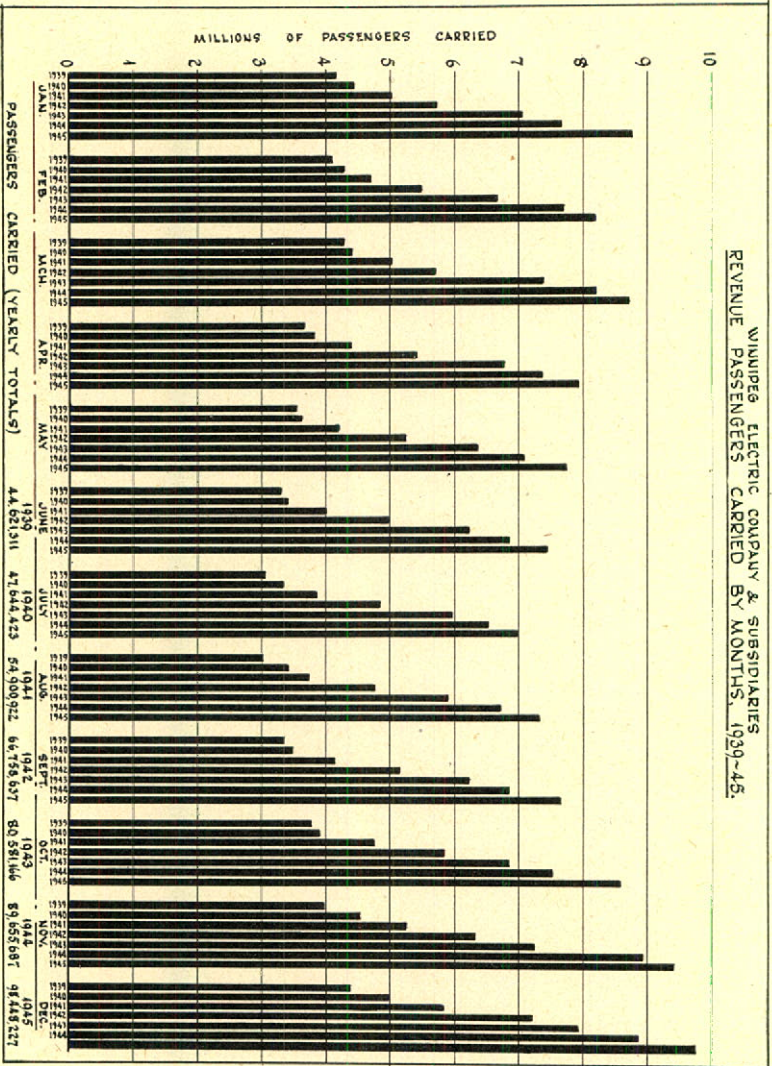
A total of 362 employees served in the armed forces during the recent war, many of whom received awards for outstanding service and bravery. It is deeply regretted, however, that 20 of the Company's men were reported either killed, missing or as having died while in the service.

Red Cross, Community Chest and other charitable campaigns have continued to receive generous support from Company employees. Also, in the 1945 Victory Bond drives, employees surpassed all their previous records and were commended by Victory Loan officials for an outstanding achievement.

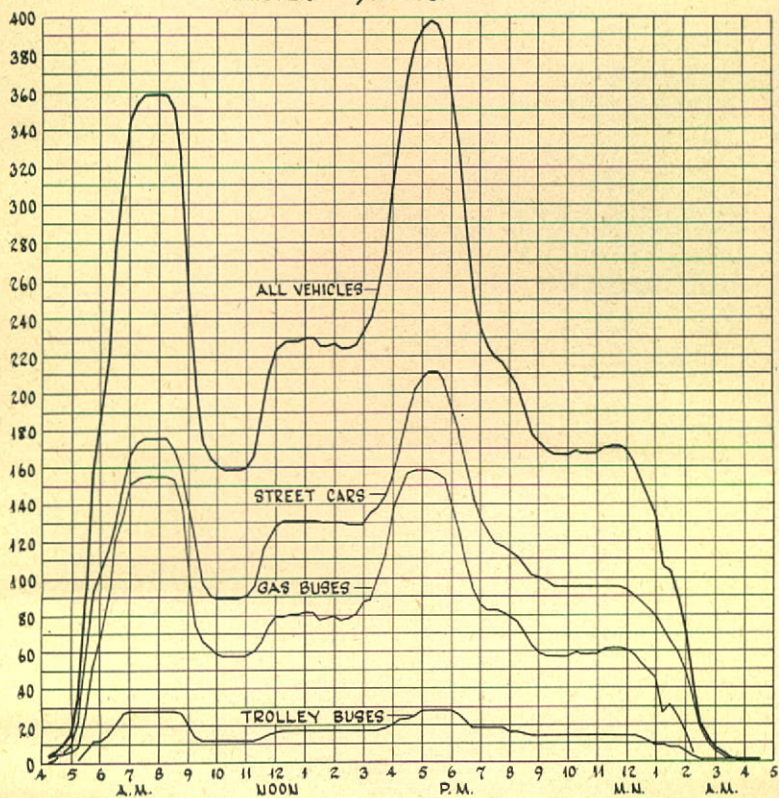
Your Board of Directors desires to express its appreciation of the loyal and able services rendered by the executive staff and employees during the past year.

W. H. CARTER,
President.

WINNIEGA ELECTRIC COMPANY & SUBSIDIARIES
 REVENUE PASSENGERS CARRIED BY MONTHS, 1939-45.



NUMBER OF VEHICLES IN SERVICE
 DURING EACH 15 MINUTE PERIOD
 WINTER 1945-46.



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).....\$75,869,272.88

SINKING FUNDS:

Uninvested in hands of Trustees..... 131,280.12

INVESTMENTS:

Representing largely funds from Depreciation Reserve not currently expended for property replacements and extensions, invested in Company's own General Mortgage Bonds and Debenture Stock and Dominion of Canada Bonds, at cost..... 10,873,169.36
(Market Value approximately \$11,683,000.00)

CASH IN BANKS AND ON HAND.....\$374,393.28

CONSUMERS' AND OTHER ACCOUNTS RECEIVABLE, less Reserve for Doubtful Accounts..... 996,040.37

WORKING FUNDS AND DEPOSIT WITH WORKMEN'S COMPENSATION BOARD, etc..... 67,981.89

MATERIALS AND SUPPLIES AND MERCHANDISE FOR SALE..... 724,580.68

INSURANCE PREMIUMS AND OTHER EXPENSES paid in advance..... 70,063.85
2,233,060.07

FUNDS ON DEPOSIT TO MEET SPECIFIC LIABILITIES:

(per contra)..... 1,096,691.34

DEFERRED CHARGES:

Discount and Expenses on Funded Debt Unamortized.....\$218,198.51
Miscellaneous Deferred Charges..... 31,929.84

250,128.35

EXPENDITURE ON LEASED PREMISES (Reserved per contra)..... 56,256.98

DEFERRED ACCOUNT RECEIVABLE:

Estimated refundable portion of Excess Profits Tax (per contra)..... 219,800.00

\$90,729,659.10

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, 1945, and report that we have received 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.

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

Winnipeg, 7th March, 1946.

AND SUBSIDIARY COMPANIES

AS AT 31st DECEMBER, 1945

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.....	2,018,390.91
	11,736,130.16
	\$16,736,130.16

FUNDED DEBT:

3½% First Mortgage Bonds (First Series), due 2nd January, 1960.....	\$ 2,940,000.00
General Mortgage Bonds and/or Debenture Stock, due 2nd January, 1965:	
Series "A" 5%.....	27,175,870.53
Series "B" Income Basis of 5% to 2nd January, 1947, and 5% fixed thereafter.....	5,941,400.00
	36,057,270.53

(In addition to the above, Series "A" Bonds to the amount of \$1,829,300.00 originally issued as collateral securing a Special Bank Loan, since retired, are held by the Company.)

CURRENT ACCOUNTS PAYABLE, including Wages and Salaries.....	\$ 1,432,873.77
CONSUMERS' SECURITY DEPOSITS AND ACCRUED INTEREST.....	131,434.45
TAXES ACCRUED (estimated).....	943,687.64
OTHER LIABILITIES.....	181,440.84
	2,689,436.70

LIABILITIES for which funds are specially earmarked (per contra):

Bond Interest, payable 2nd January, 1946.....	\$ 730,846.76
Matured Interest Coupons.....	152,809.55
Scrip Certificates (Northwestern Power Company Limited).....	1,819.50
Employees War Savings Certificates Payments.....	1,361.00
Contingent Certificates.....	209,854.53
	1,096,691.34

DEFERRED LIABILITIES (Payable in Instalments):

Lake of the Woods and Lac Seul Charges, etc.....	578,529.14
DEFERRED CREDITS TO INCOME.....	51,940.29

MISCELLANEOUS RESERVES for Injuries and Damages, Deferred Maintenance, Reconversion, Leased Premises, Contingencies, etc.....

1,167,402.18

DEPRECIATION AND PROPERTY RESERVES:

Depreciation Reserve.....	\$23,006,892.66
Property Reserve (from Appraisal, property of Manitoba Power Company Limited).....	7,290,947.36
	30,297,840.02

DEFERRED CREDIT TO SURPLUS:

Estimated refundable portion of Excess Profits Tax (per contra).....	219,800.00
--	------------

SURPLUS (before providing for Interest on Series "B" Bonds for 1945).....	1,834,618.74
---	--------------

CONTINGENT LIABILITY:

In connection with Income and Excess Profits Taxes of a subsidiary company which has appealed an assessment for the 1942 period; amount involved for the periods 1942 to 1945 approximately \$22,000.00.

\$90,729,659.10

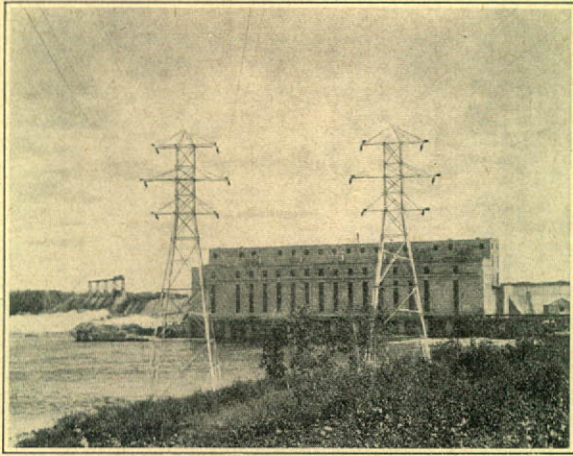
WINNIPEG ELECTRIC COMPANY AND
SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER, 1945

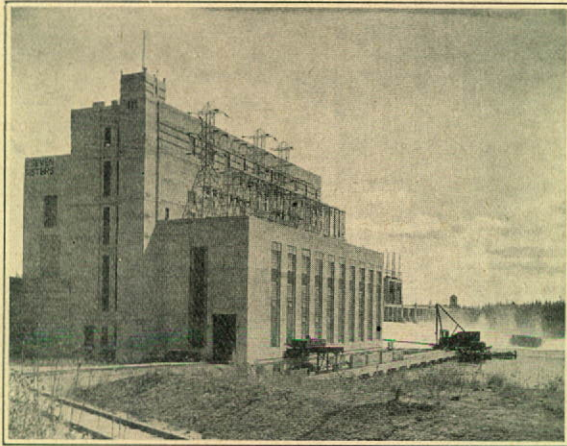
GROSS EARNINGS FROM OPERATION.....	\$12,061,201.50
OPERATING EXPENSES (including provision for Reconversion Reserve \$180,000.00 and Deferred Maintenance Reserve \$140,000.00).....	6,148,539.75
NET OPERATING INCOME.....	\$ 5,912,661.75
Interest on Investments, Profit on Investments, and Other Miscellaneous Income.....	414,162.43
GROSS INCOME.....	\$ 6,326,824.18
Interest on Funded Debt.....	\$1,466,480.34
Other Interest.....	39,151.68
Taxes.....	720,184.11
Depreciation.....	2,114,003.77
Amortization Bond Discount and Expense.....	15,585.60
Provision for Dominion Income and Excess Profits Taxes (estimated) (Including Refundable portion \$210,500.00).....	1,410,185.35
Other Income Deductions.....	7,277.66
	5,772,868.51
NET INCOME before providing for Interest on Series "B" Bonds.....	\$ 553,955.67

SURPLUS ACCOUNT

BALANCE, 1st January, 1945.....	\$ 1,828,883.07
Deduct:	
Interest on Series "B" Bonds for year 1944.....	\$298,220.00
Preference Stock Dividend.....	250,000.00
	548,220.00
	\$ 1,280,663.07
Add: Net Income for the year, brought down.....	553,955.67
	\$ 1,834,618.74

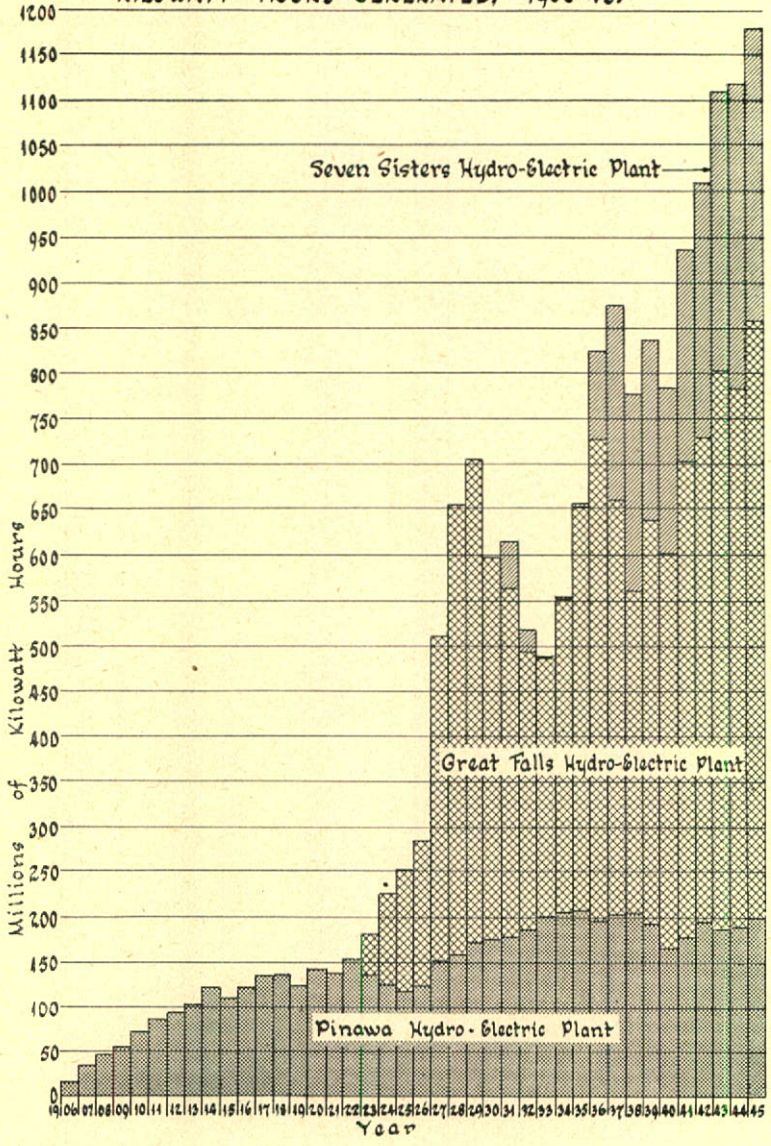


Great Falls Power Plant on the Winnipeg River, eighty miles by road from Winnipeg, is fully developed and produces 168,000 horse-power.



Seven Sisters Falls Power Plant on the Winnipeg River, sixty-eight miles by road from Winnipeg, has an ultimate capacity of 225,000 horse-power and at present is producing 60,000 horse-power.

KILOWATT HOURS GENERATED, 1906-45.



FACTS ABOUT YOUR COMPANY AND ITS SUBSIDIARIES

(As at December 31st, 1945)

1. It renders service to a population of approximately 340,000.
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 16 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 1,178,031,300 kilowatt hours.
6. It carried 98,448,227 revenue passengers in 1945.
7. It operated 14,824,516 car, motor bus and trolley bus miles during the year.
8. It has 215 passenger street cars, 168 motor buses and 30 trolley buses.
9. It operates 44 miles of street car routes; 108 miles of motor bus and 8 miles of trolley bus routes.
10. It has 7 street car routes; 25 city and suburban motor bus routes; 2 trolley bus routes; and 1 interurban motor bus route.
11. It has 83.78 gross miles of track, of which 49.84 miles is paved and 33.94 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 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 2,302 people.
15. It had a total payroll in 1945 of \$4,012,993.70.
16. Average annual earnings per employee, excluding executives \$1,752.
17. Average weekly earnings per employee, excluding executives \$33.70.
18. It paid in taxes in 1945 a total of \$843,311.94 exclusive of Dominion Income Taxes.

