

# WINNIPEG ELECTRIC COMPANY



HEAD OFFICE BUILDING

## FIFTY-SECOND ANNUAL REPORT NINETEEN FORTY-FOUR

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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.
- WILLIAM FERGUSON, Investment Banker,  
New York City, U.S.A.
- GEORGE de B. GREENE, Investment Banker,  
New York City, 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.

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## OFFICERS

- W. H. CARTER,      *President and General Manager,*  
C. S. RILEY,        *Vice-President,*  
W. E. BLODGETT,   *Treasurer,*  
GEO. T. McINTOSH, *Secretary.*

# ANNUAL REPORT

OF

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

*Submitted at the Fifty-second Annual Meeting  
Held on the thirtieth day of April  
Nineteen Forty-five*

# Report of the President and Directors Winnipeg Electric Company

*For the Year Ended December 31st, 1944*

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## *To the Shareholders:*

Your directors are pleased to report to you on the financial position and, in a general way, on the operations of your Company for the year 1944.

Industrial activity in the area served was at a high level and resulted in increased gross earnings for all three Utilities of the Company. The total gross earnings from operation for 1944 were \$11,278,444.47 compared with \$10,518,043.32 in 1943, an increase of \$760,401.15. While there is reason to be pleased with the larger volume of business, your attention is drawn to the fact that the expenses necessary to provide satisfactory service to customers have advanced sharply. Labor costs were \$364,040.73 greater than a year ago and \$1,321,608.66 greater than in 1939. Charges for materials, supplies and other operating costs, including an accrual of \$120,000.00 for deferred maintenance, were increased by \$206,923.88 over 1943 and by \$860,931.11 when compared with 1939.

Net income for the year after providing for interest of \$298,220.00 on Series "B" Bonds amounted to \$993,019.31 compared to \$901,951.81 for the year 1943.

The following statements are presented:

Balance Sheet and Auditors' Report  
Income Account for 1944.

The audited accounts of the Company show the following:

Gross Earnings from Operation.....	\$11,278,444.47	
From which were paid the regular Operating Expenses—		
Labor Costs charged to operation.....	\$3,613,731.64	
Materials and Supplies and other operating costs, including gasoline tax and an accrual of \$120,000.00 for deferred maintenance.....	1,994,429.25	5,608,160.89
		<u>\$ 5,670,283.58</u>
To which is added Miscellaneous Income from Investments and Non-Operating Properties		331,507.90
Making a Total Gross Income of.....		<u>\$ 6,001,791.48</u>
From which the following are deducted:		
Interest on Funded Debt, including interest on Income Bonds for 1944.....	\$1,774,034.66	
Taxes excluding Gasoline Tax charged to Operation.....	682,592.83	
Depreciation.....	2,102,454.67	
Provision for Dominion Income and Excess Profits Taxes.....	386,600.00	
Amortization Bond Discount and Expense, etc.....	63,090.01	5,008,772.17
		<u>\$ 993,019.31</u>
Leaving a Net Income for the year of.....		<u><u>\$ 993,019.31</u></u>

In 1944 the Transportation Utility carried 89,655,687 revenue passengers which was an all time record and approximately 9,000,000 more than in the previous year. The larger volume of business resulted in a substantial increase in gross earnings but operating expenses were much higher due to increased service and wages and used up 87.7 percent of the increase in gross. Ten new 36-passenger gasoline buses were placed in service on August 1st, which assisted in handling the additional traffic. Further improvements to facilities for servicing gasoline buses were made by completing the construction of a fully modern bus garage, views of which appear elsewhere in this report.

The gross earnings of the Electric Utility showed further improvement. Increased expenses resulting from higher wage scales and other operating costs absorbed more than half of the increase in gross earnings.

The flow of water in the Winnipeg River, on which your Power Plants are situated, has continued in satisfactory volume. Firm power requirements of all customers have been met and surpluses have been sold for steam making purposes.

There was very little change in the figures shown by the Gas Utility. Gross earnings were approximately \$6,500 higher than in 1943 while expenses showed no appreciable change.

Sinking Fund payments, due July 2nd, 1944, for the benefit of the General Mortgage Bonds or Debenture Stock, amounting to \$122,213.26 and January 2nd, 1945, for the benefit of the

3½% First Mortgage Bonds, amounting to \$124,710.00, have been paid to the Trustee as required by the Deeds of Trust and Mortgage securing them.

### 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, 1944, and 2½% on December 30th, 1944.

### TAX PAYMENTS FOR THE YEAR 1944

The Company paid in taxes in the year 1944:

To the City of Winnipeg in respect of its Railway Utility for 5% Gross Earnings charge. Car and Bus Licenses and fixed assessments.....	\$316,868.54	
To the City of Winnipeg for Property and other Taxes..	165,856.24	
		\$482,724.78
To the Province of Manitoba and Municipalities for Property and other Taxes, including gasoline tax.....	298,099.81	
		\$780,824.59
Taxes paid by Suburban Rapid Transit Company and Winnipeg, Selkirk & Lake Winnipeg Railway Company, amounted to.....	19,048.91	
Making the total amount paid for Taxes*.....	\$799,873.50	

\*Excluding Dominion Income Taxes.

### CONTINGENT CERTIFICATES

On March 1st, 1944, funds for payment of the outstanding balance of Contingent Certificates, amounting to \$669,755.62, were deposited with the Bank of Montreal in accordance with the terms of the Plan of Consolidation and Readjustment which became effective January 2nd, 1935, and as authorized by the Board of Directors at the January, 1944, meeting of the Board.

### PENSION PLAN AND WAGE AGREEMENTS

The question of a retirement or pension plan for Company employees was given serious consideration during the year. The services of a qualified actuary were obtained and a thorough study of different schemes was made, with the result that a plan was worked out which it was felt would be satisfactory to the Company and employees, all factors being considered; the plan being offered in lieu of an increase in wages. When the plan as finally proposed was submitted to the Company's employees, the majority indicated their acceptance of it. There was, however, quite a number who indicated that they were not in favor of the plan. The employees generally felt that not only should they have a pension plan but an increase in wages as well. The Company not being able to carry both, the employees decided to apply for wage increases and made application to the Regional War Labour Board for an increase in wages of 10c per hour with some changes in working conditions. By mutual agreement their application was with-

drawn and the Company joined them in making application to the Regional War Labour Board for an increase of 4c per hour in wages without any change in working conditions, which was granted.

### ACCIDENT PREVENTION

In the matter of accident prevention and general safety measures, the Company and its employees have had considerable success in that the Transportation Utility has in each of the past three years, won the American Transit Association award for passenger safety in cities of comparable size.

The Gas Utility, last year, won the National Safety Council Public Utilities award in the Gas division competitive group of which the Company is a member.

The result obtained was due in no small measure to the very active safety first campaign which the Company carries on continuously with its employees.

### EMPLOYEES

It is gratifying that in these unsettled times the relations between management and employees have continued to be characterized by an atmosphere of mutual understanding. Such issues as have arisen have been settled through the orderly processes of friendly negotiation.

While the Company's employees on the home front have been working under increasing difficulties to provide patrons with an uninterrupted flow of essential transportation, gas and electric services, there is good reason to be proud of the ones who have answered their Country's call for fighting men. Since the outbreak of war 353 men and women have volunteered for active service, eight of whom have been killed in action. Three others have died in the service, four are missing and seven are prisoners of war.

As the war shows signs of entering its final stages, plans are being made for additions and improvements to the Company's properties and the reinstatement of those employees who have left their jobs for the armed services; in fact, 45 have already returned and have been promptly re-established. At the same time the Company has taken advantage of its need for additional help by providing a large number of ex-service men with employment.

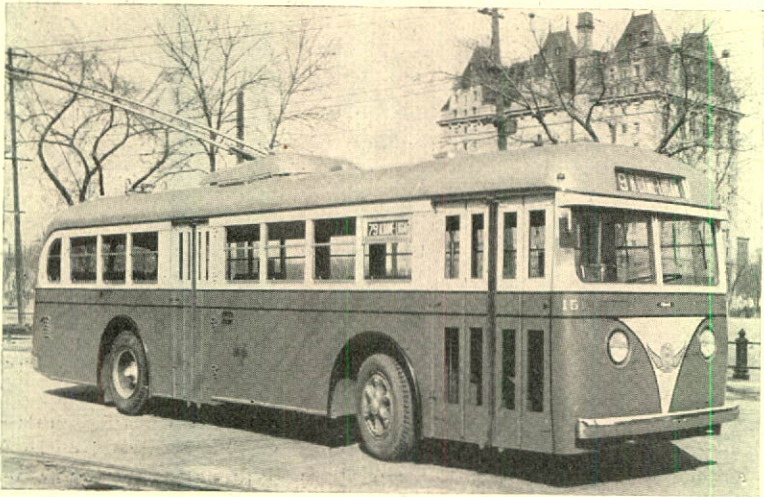
Victory Bond drives, Red Cross and other charitable campaigns have continued to meet with generous support from Company employees.

Your Board of Directors wishes to express its appreciation of the splendid service being rendered by the Company's executive staff and its employees both at home and in the armed services and to record its satisfaction in what has been accomplished during 1944.

W. H. CARTER,  
*President.*

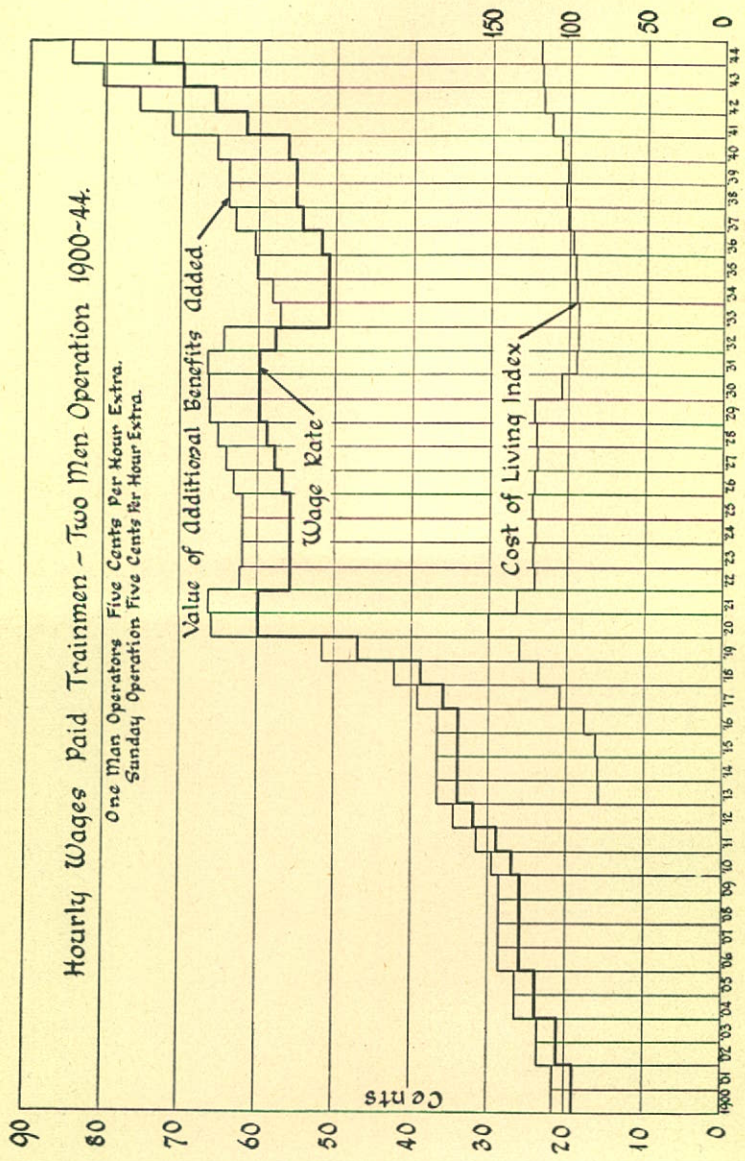


Front Elevation of new garage, equipped with modern service equipment, capable of servicing and storing 100 buses.



One of our fleet of 30 Trolley Buses





Additional Benefits include uniforms, holidays with pay and contributions towards group insurance and sick benefits.

# 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).....\$75,217,682.66

#### SINKING FUNDS:

Uninvested in hands of Trustees..... 125,194.52

#### 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 (Market Value \$9,558,000.00)..... 8,870,705.94

CASH IN BANKS AND ON HAND.....\$202,837.83

CONSUMERS' AND OTHER ACCOUNTS RECEIVABLE, less Reserve for Doubtful Accounts..... 756,682.04

WORKING FUNDS AND DEPOSIT WITH WORKMEN'S COMPENSATION BOARD, etc..... 60,633.43

MATERIALS AND SUPPLIES AND MERCHANDISE FOR SALE..... 799,137.65

INSURANCE PREMIUMS AND OTHER EXPENSES paid in advance..... 71,630.76  
1,890,921.71

FUNDS ON DEPOSIT TO MEET SPECIFIC LIABILITIES:  
(per contra)..... 1,093,827.26

#### DEFERRED CHARGES:

Discount and Expenses on Funded Debt Unamortized.....\$233,784.11  
Miscellaneous Deferred Charges..... 86,812.91  
320,597.02

EXPENDITURE ON LEASED PREMISES (Reserved per contra)..... 65,633.15

#### DEFERRED ACCOUNT RECEIVABLE:

Estimated refundable portion of Excess Profits Tax (per contra)..... 9,300.00

\$87,593,862.26

### 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, 1944, 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.

Winnipeg, 14th March, 1945.

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

# AND SUBSIDIARY COMPANIES

AS AT 31st DECEMBER, 1944

## 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..	1,807,153.56	
		11,947,367.51
		<u>\$16,947,367.51</u>

### FUNDED DEBT:

3½% First Mortgage Bonds (First Series), due 2nd January, 1960.....	\$ 3,062,000.00	
General Mortgage Bonds and/or Debenture Stock, due 2nd January, 1965:		
Series "A" 5%.....	27,281,943.00	
Series "B" Income Basis of 5% to 2nd January, 1947, and 5% fixed thereafter.....	5,964,400.00	
		36,308,343.00

(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...\$	1,011,819.89	
CONSUMERS' SECURITY DEPOSITS AND ACCRUED INTEREST.....	126,914.43	
TAXES ACCRUED (estimated).....	316,283.76	
OTHER LIABILITIES.....	193,935.71	
		1,648,953.79

### LIABILITIES for which funds are specially earmarked:

Bond Interest, payable 2nd January, 1945.....	\$ 735,633.58	
Matured Interest Coupons.....	99,770.18	
Scrip Certificates (Northwestern Power Company Limited).....	1,866.50	
Employees War Savings Certificates Payments.....	1,745.50	
Contingent Certificates.....	254,811.50	
		1,093,827.26

### DEFERRED LIABILITIES (Payable in Instalments):

Lake of the Woods and Lac Seul Storage Charges, etc....	591,670.29
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DEFERRED CREDITS TO INCOME.....	37,405.48
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MISCELLANEOUS RESERVES for Injuries and Damages, Deferred Maintenance, Leased Premises, Contingencies, etc.....	854,370.83
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### DEPRECIATION AND PROPERTY RESERVES:

Depreciation Reserve.....	\$20,982,793.67	
Property Reserve (from Appraisal, Property of Manitoba Power Company Limited).....	7,290,947.36	
		28,273,741.03

### DEFERRED CREDIT TO SURPLUS:

Estimated refundable portion of Excess Profits Tax (per contra).....	9,300.00
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SURPLUS (before providing for Interest on Series "B" Bonds for 1944).....	1,828,883.07
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\$87,593,862.26

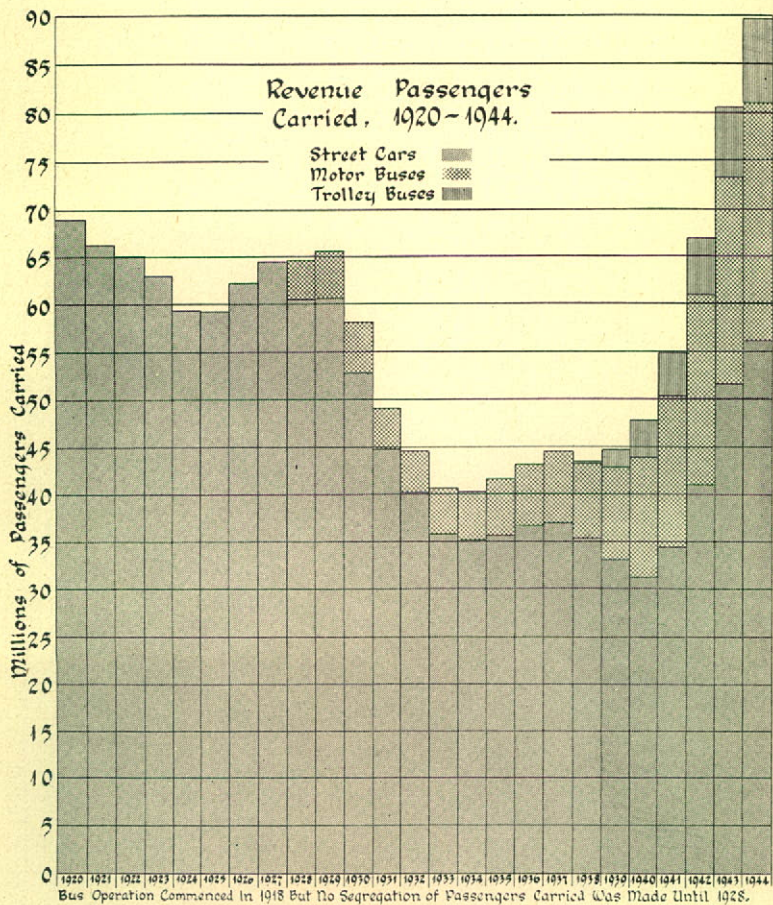
WINNIPEG ELECTRIC COMPANY AND  
SUBSIDIARY COMPANIES

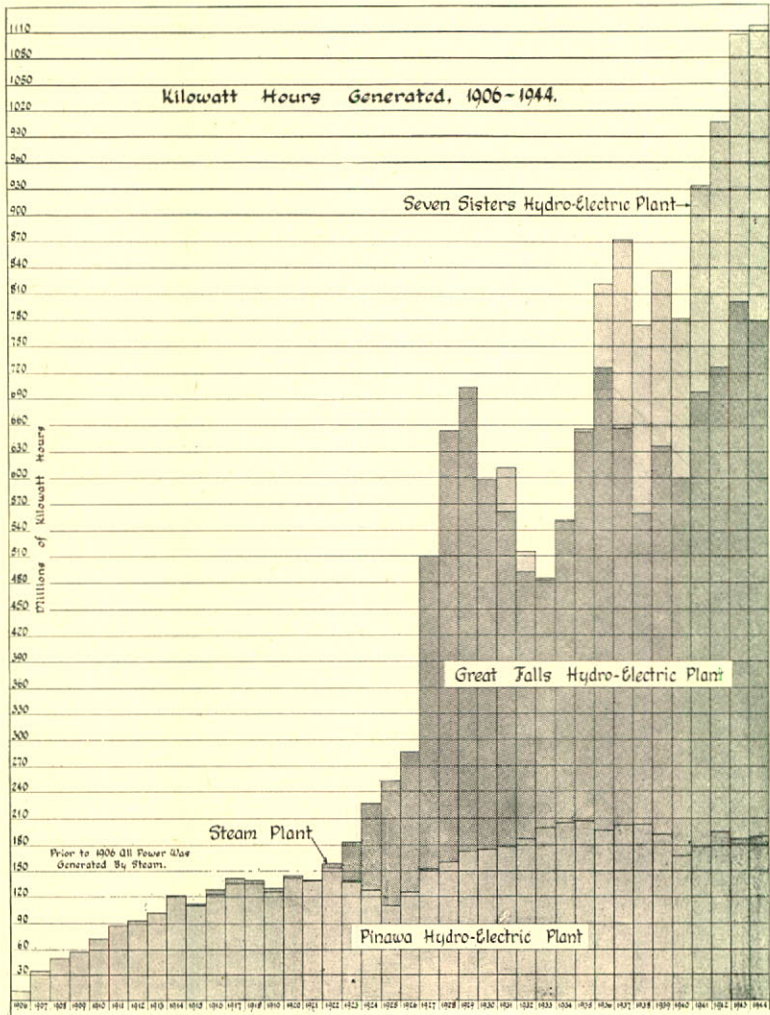
CONSOLIDATED INCOME ACCOUNT  
FOR THE YEAR ENDED 31st DECEMBER, 1944

GROSS EARNINGS FROM OPERATION.....	\$11,278,444.47
OPERATING EXPENSES.....	5,608,160.89
NET OPERATING INCOME.....	<u>\$ 5,670,283.58</u>
MISCELLANEOUS INCOME (NET).....	331,507.90
GROSS INCOME.....	<u>\$ 6,001,791.48</u>
Interest on Funded Debt.....	\$1,475,814.66
Other Interest.....	39,373.90
Taxes.....	682,592.83
Depreciation.....	2,102,454.67
Amortization Bond Discount and Expense.....	15,585.60
Provision for Dominion Income and Excess Profits Taxes (estimated).....	386,600.00
Other Income Deductions.....	8,130.51
	<u>4,710,552.17</u>
NET INCOME before providing for Interest on Series "B" Bonds.....	<u><u>\$ 1,291,239.31</u></u>

SURPLUS ACCOUNT

BALANCE, 1st January, 1944.....	\$ 1,756,719.38
Deduct:	
Interest on Series "B" Bonds for the year 1943.....	\$299,320.00
Preferred Stock Dividend.....	250,000.00
Final payment on Contingent Certificates.....	669,755.62
	<u>1,219,075.62</u>
	\$ 537,643.76
Add: Net Income for the year, brought down.....	<u>1,291,239.31</u>
	<u><u>\$ 1,828,883.07</u></u>





## Facts About Your Company and Its Subsidiaries

*(As at December 31st, 1944)*

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1. It renders service to a population of over 300,000.
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 1,119,679,500 kilowatt hours.
6. It carried 89,655,687 revenue passengers in 1944.
7. It operated 13,975,346 car, motor bus and trolley bus miles during the year.
8. It has 215 passenger street cars, 168 motor buses and 22 trolley buses.
9. It operates 44 miles of street car routes; 103 miles of motor bus and 6 miles of trolley bus routes.
10. It has 7 street car routes; 23 city and suburban motor bus routes; 2 trolley bus routes; and 1 interurban motor bus route.
11. It has 84.08 gross miles of track, of which 49.84 miles is paved and 34.24 open track.
12. It has a by-product coke oven plant with a total daily capacity of 2,500,000 cubic feet, and an annual domestic coke production of 45,000 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 2,105 people.
15. It had a total payroll in 1944 of \$3,694,575.40.
16. It paid in taxes in 1944 a total of \$799,873.50 exclusive of Dominion Income Taxes.

