

WINNIPEG  
ELECTRIC  
COMPANY

FORTY-NINTH  
ANNUAL REPORT  
NINETEEN FORTY-ONE

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## Board of Directors

EDWARD ANDERSON, K.C., LL.D., <i>Chairman</i>	J. A. McPHAIL, K.C. A. J. NESBITT
W. H. CARTER	ISAAC PITBLADO, K.C., LL.D.
WM. FERGUSON	C. S. RILEY
G. DE B. GREENE	P. A. THOMSON
GEORGE KIDD	WM. WHYTE
D. H. McDOUGALL	

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W. H. CARTER, *President and General Manager*

C. S. RILEY, *Vice-President*

W. E. BLODGETT, *Treasurer*

GEO. T. McINTOSH, *Secretary*

THE  
ANNUAL REPORT

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

*Submitted at the Forty-ninth Annual Meeting  
Held on the Twenty-sixth day of May  
Nineteen Forty-two*

# Report of the President and Directors Winnipeg Electric Company

*For the Year Ended December 31st, 1941.*

*To the Shareholders:*

In submitting the Forty-ninth Annual Report for the year ended December 31st, 1941, your Directors present the following statements:

Balance Sheet and Auditors' Report  
Income Account for 1941.

The audited accounts of the Company show the following:

Gross Earnings from Operation.....	\$8,242,984.63
From which were paid the regular Operating Expenses—	
Labor Costs charged to operation.....	\$2,528,497.77
Material and Supplies and other operating costs.....	1,420,398.76
	\$3,948,896.53
	\$4,294,088.10
To which should be added income from Non-Operating Properties.....	90,017.73
Making a Total Gross Income of.....	\$4,384,105.83
From which the following should be deducted:	
Interest on Funded Debt, including interest on Income Bonds for 1941.....	\$1,458,545.08
Taxes.....	576,918.15
Depreciation.....	1,986,456.83
Provision for Dominion Income Taxes.....	140,000.00
Amortization Bond Discount and Expense, etc.....	59,458.27
	\$4,221,378.33
Leaving a Net Income for the year of.....	\$ 162,727.50

The Sinking Fund payment due on January 2nd, 1942, for the benefit of the 3½% First Mortgage Bonds amounting to \$109,590.00 has been paid to the Trustee in accordance with the terms of Deed of Trust and Mortgage under which they are secured.

Under the plan of consolidation and readjustment, the General Mortgage Bonds and Debenture Stock, Series "A," carried interest at the rate of 4% per annum for the years 1935 to 1941 inclusive. On January 2nd, 1942, the interest rate on this issue increases to 5%.

General Mortgage Bonds and Debenture Stock, Series "B," are on an income basis up to and including the year 1946. The interest rate on this issue is at the rate of 4% per annum from 1935 to 1941 inclusive. Beginning with the year 1942 the interest rate on these bonds increases from 4% to 5%.

No new financing was done during the year 1941.

During the year the Company expended the necessary sum on its properties to maintain same in a high state of operating efficiency.

### TAX PAYMENTS FOR THE YEAR 1941

The Company paid in taxes in the year 1941:

To the City of Winnipeg in respect of its Railway Utility for 5% Gross Earnings charge, Car and Bus Licenses and fixed assessments.....	\$227,902.08
To the City of Winnipeg for Property and other Taxes..	166,799.44
	<u>\$394,701.52</u>
To the Province of Manitoba and Municipalities for Property and other Taxes, including gasoline tax.....	251,462.66
	<u>\$646,164.18</u>
Taxes paid by Suburban Rapid Transit Company and Winnipeg Selkirk & Lake Winnipeg Railway Company, amounted to.....	23,136.98
	<u>\$669,301.16</u>
Excluding Dominion Income Taxes.	

### WAGE AGREEMENTS

Wage Agreements negotiated in the previous spring were terminated in the spring of 1941 at which time new Agreements with employees, calling for a wage increase averaging three and one-half (3½) percent, were signed. Similar treatment was accorded comparable employees not covered by the Agreements.

Effective October 1st, 1941, as a result of negotiations between employees and the Company, a cost of living bonus in the amount of \$1.25 per week was paid to male employees over 21 years of age earning less than \$3,000 per year. At the same time female employees and male employees under 21 years of age received a 5 percent salary bonus. It was understood that this bonus would compensate for any increase in the cost of living which had taken place between the time of the signing of the wage agreements and October 1st, 1941, and that every three months after February 15th, 1942, this bonus would be adjusted according to changes in the cost of living from October 1st, 1941.

## GENERAL CONDITIONS

Wheat crops in the Prairie Provinces for the year 1941 were far below the average, chiefly because of reduced acreage and excessive moisture during the harvesting season but, due to the bonus for reduction of wheat acreage and the higher prices received for other farm produce, the cash return to the farmers, especially in Manitoba, was considerably higher than in the previous year.

As a result of war contracts of various kinds, industrial activity in the Winnipeg district has continued at an increasing rate. Company officials took a particularly active part in persuading the Government to establish a branch office of the Department of Munitions and Supply in Winnipeg. Such office has been established under the management of Mr. Robert Pyne, for the purpose of organizing the smaller machine shops in Manitoba and Saskatchewan to handle sub contracts for parts required in primary contracts let to the larger industrial firms in that territory. This is commonly known as "The Bits and Pieces Plan." Mr. Pyne has already been successful in having a very large sum in contracts distributed among eighteen smaller machine shops and several more important contracts are now under review which it is hoped will enable still more small firms to participate in the manufacture of munitions.

In the Greater Winnipeg area, building permits to the value of \$6,744,000 were issued in 1941. Of this amount over \$3,800,000 represented 1,059 new houses.

The Company's gross earnings for the year 1941 show a substantial increase over the previous year due in part to increased activity occasioned by the war; and although we had to meet uncontrollable increases in taxes and prices of materials and the wage increases mentioned above were extended, by careful management it was possible for all the utilities to improve their operating ratios, resulting in a considerable improvement to the Net Operating Income. It is hoped that the Government's action in freezing wages and prices will introduce an element of stability into the situation which should materially assist us in maintaining a reasonable ratio of expenses to revenues. Such stabilization is of vital importance to an organization such as ours whose rates and fares cannot be easily adjusted to meet changing conditions.

Water conditions in the Winnipeg River, on which your Company's power plants are situated, are now quite satisfactory and we are able to meet all of our customers' requirements of firm and secondary power.

## DIRECTORS AND OFFICERS

Your Board of Directors consists of twelve members, six of whom were appointed by the bondholders under the Plan of Consolidation and Readjustment for a period of seven years. The other six directors are elected annually by the shareholders and at present are Messrs. Edward Anderson, K.C., LL.D., W. H. Carter, J. A. McPhail, K.C., A. J. Nesbitt, P. A. Thomson and Wm. Whyte.

On account of ill health Mr. Lawrence Palk, who had been Secretary of the Company for the past 18 years and an employee for 37 years, found it impossible to continue his duties and tendered his resignation, which was regretfully accepted. Your directors wish to record their deep appreciation of the valuable and faithful service rendered by Mr. Palk during his tenure of office.

Mr. G. T. McIntosh has been appointed Secretary.

As at December 31st, 138 of the Company's employees had joined His Majesty's Forces for active service, 48 of whom were serving overseas and many more have enlisted since that date. We are proud of these men and wish them a safe return when their task is completed. We are also gratified to be able to report that our employees have contributed wholeheartedly to funds collected for The Red Cross, Canadian War Services and government securities of all kinds issued for defence purposes.

Your directors further wish to express their appreciation of the loyal and efficient services rendered by the executive and other employees in the performance of their duties to the Company.

W. H. CARTER  
*President.*

# WINNIPEG ELECTRIC COMPANY

## CONSOLIDATED BALANCE SHEET

### ASSETS

PHYSICAL PROPERTIES.....		\$74,617,537.06
<p style="margin-left: 20px;">(Comprising the properties of Winnipeg Electric Company, Winnipeg, Selkirk &amp; Lake Winnipeg Railway Company, and Suburban Rapid Transit Company, value based on the 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 the 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.)</p>		
SINKING FUNDS:		
3½% First Mortgage Bonds (First Series) at par value.....	\$ 25,000.00	
Uninvested in hands of Trustee.....	85,040.00	
		110,040.00
SUNDRY INVESTMENTS, including Dominion of Canada War Loan and Victory Bonds.....		2,003,432.81
CASH IN BANKS AND ON HAND.....	\$796,811.31	
CALL LOANS.....	650,000.00	
CONSUMERS' AND OTHER ACCOUNTS RECEIVABLE, less Reserve for Doubtful Accounts.....	931,458.45	
WORKING FUNDS AND DEPOSIT WITH WORKMEN'S COMPENSATION Board, etc.....	47,556.66	
MATERIALS AND SUPPLIES, AND MERCHANDISE FOR SALE.....	706,908.49	
INSURANCE PREMIUMS AND OTHER EXPENSES paid in advance.....	69,559.26	
FUNDS ON DEPOSIT to meet Specific Liabilities:		3,202,294.17
Bond Interest.....	\$690,457.82	
Scrip Certificates.....	1,958.50	
Employees' War Savings Certificates Deposit in Trust.....	2,541.25	
		694,957.57
DEFERRED CHARGES:		
Discount and Expenses on Funded Debt Unamortized.....	\$280,540.91	
Miscellaneous Deferred Charges.....	44,877.63	
		325,418.54
EXPENDITURE ON LEASED PREMISES (Reserved per contra).....		93,761.66
		\$81,047,441.81

### 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 and Lake Winnipeg Railway Company and Suburban Rapid Transit Company, for the year ended 31st December, 1941, 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, 28th April, 1942.



# AND SUBSIDIARY COMPANIES

AS AT 31st DECEMBER, 1941

## CAPITAL AND LIABILITIES

### CAPITAL STOCK:

Preferred 50,000 Shares of \$100.00 each, non-cumulative; dividend rates 4% to 2nd January, 1942, and thereafter 5%.....	\$ 5,000,000.00	
Common Shares of no par value, 281,712 Shares Class "A," and 283,277 Shares Class "B".....	\$13,754,521.07	
Less Adjustments in Property Accounts....	1,624,969.55	
		12,129,551.52
		<u>\$17,129,551.52</u>

### FUNDED DEBT:

3½% First Mortgage Bonds (First Series) due 2nd January, 1960.....	\$ 3,398,000.00	
Remainder of Funded Debt in process of replacement by new issues in accordance with the General Plan of Consolidation and Readjustment, as follows:		
General Mortgage Bonds and/or Debenture Stock due 2nd January, 1965:		
Series "A" 4% to 2nd January, 1942, and 5% thereafter.....	27,445,752.00	
Series "B" Income Basis of 4% to 2nd January, 1942, 5% for next 5 years, and 5% fixed thereafter.....	6,000,000.00	
		36,843,752.00

(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.)

ACCOUNTS PAYABLE, including Wages and Salaries.....	\$ 820,970.24	
CONSUMERS' SECURITY DEPOSITS AND ACCRUED INTEREST.....	119,534.49	
TAXES ACCRUED.....	183,636.06	
UNREDEEMED TICKETS IN HANDS OF PUBLIC.....	63,170.19	
OTHER LIABILITIES.....	62,294.59	
		1,249,605.57

### LIABILITIES for which funds are specially earmarked:

Bond Interest, payable 2nd January, 1942.....	\$ 608,380.04	
Matured Interest Coupons.....	82,077.78	
Scrip Certificates (Northwestern Power Co., Ltd.).....	1,958.50	
Employees' War Savings Certificates Payments.....	2,541.25	
		694,957.57

### DEFERRED LIABILITIES (Payable in Instalments):

Lake of the Woods and Lac Seul Storage Charges, etc.....	583,117.19
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### MISCELLANEOUS RESERVES for Injuries and Damages, Leased Premises, Contingencies, etc.....

568,122.42

### DEPRECIATION AND PROPERTY RESERVES:

Depreciation Reserve.....	\$15,574,987.00	
Property Reserve.....	7,290,947.36	
		22,865,934.36
SURPLUS, before providing for Interest on Series "B" Bonds..		1,112,401.18

### CONTINGENT LIABILITIES:

Contingent Certificates, as provided for in the General Plan, amounting to \$1,921,234.00, less \$360,495.75 purchased, \$1,560,738.25. It is agreed with the bearers that while any certificates are outstanding the Company will not pay any dividends on its Capital Stock or make any distribution to Shareholders.

\$81,047,441.81

WINNIPEG ELECTRIC COMPANY AND  
SUBSIDIARY COMPANIES

CONSOLIDATED INCOME ACCOUNT  
FOR THE YEAR ENDED 31st DECEMBER, 1941

GROSS EARNINGS FROM OPERATION.....	\$8,242,984.63
OPERATING EXPENSES.....	3,948,896.53
NET OPERATING INCOME.....	\$4,294,088.10
MISCELLANEOUS INCOME.....	90,017.73
GROSS INCOME.....	\$4,384,105.83

Interest on Funded Debt.....	\$1,218,545.08
Other Interest.....	36,566.58
Taxes.....	576,918.15
Depreciation.....	1,986,456.83
Amortization Bond Discount and Expense.....	15,585.60
Provision for Dominion Income Taxes.....	140,000.00
Other Income Deductions.....	7,306.09
	3,981,378.33
NET INCOME before providing for Interest on Series "B" Bonds.....	\$ 402,727.50

SURPLUS ACCOUNT

Balance, 1st January, 1941.....	\$ 949,673.68
Deduct: Interest on Series "B" Bonds for the Year 1940.....	240,000.00
	\$ 709,673.68
Net Income for the Year, brought down.....	402,727.50
	\$1,112,401.18

## Facts About Your Company and Its Subsidiaries

*(As at December 31st, 1941)*

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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.
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 938,447,400 kilowatt hours.
6. It has 90.17 gross miles of track of which 49.77 miles is paved and 40.40 open track.
7. It has 216 passenger street cars.
8. It has 141 motor buses and 16 trolley buses.
9. It operates 48 miles of street car routes.
10. It operates 103 miles of motor bus and 6 miles of trolley bus routes.
11. It has 7 street car routes.
12. It has 22 city and suburban motor bus routes.
13. It operates one interurban motor bus route.
14. It has 2 trolley bus routes.
15. It operated 11,346,578 car, motor bus and trolley bus miles during the year.
16. It has a coal gas plant with a total daily capacity of 2,250,000 cubic feet.
17. It has a water gas standby plant capable of taking over the entire load of the coal gas plant.
18. It employs 1812 people.
19. It had a total payroll in 1941 of \$2,667,168.78.
20. It paid in taxes in 1941 a total of \$669,301.16 excluding Dominion Income Taxes.

