

WINNIPEG  
ELECTRIC  
COMPANY

FORTIETH  
ANNUAL REPORT  
NINETEEN THIRTY-TWO

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THE  
ANNUAL REPORT

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

*Submitted at the Fortieth Annual Meeting  
held on the third day of April,  
Nineteen thirty-three*



*DIRECTORS:*

EDWARD ANDERSON, K.C., *President*

W. R. BAWLF, *Vice-President*

W. J. BULMAN

J. B. WOODYATT

A. J. NESBITT

N. J. BREEN

S. L. FULLER

J. B. COYNE, K.C.

W. H. CARTER

P. A. THOMSON

J. A. McPHAIL

A. J. THOMAS

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EDWARD ANDERSON, K.C., *President and General Manager*

J. S. MACKENZIE, *Treasurer*

L. PALK, *Secretary*



# Report of the President and Directors Winnipeg Electric Company

*For the Year ended December 31, 1932*

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*To the Shareholders of Winnipeg Electric Company:*

The business of the Company further decreased in 1932 by reason of the continuing depression with its attendant unemployment. The decrease in earnings necessitated sacrifices by the shareholders and employees in order to give to the public the best service possible and to maintain the property in safe operating condition. Wage rates and salaries were reduced, hours shortened, some employees laid off, and other economies effected, while no dividends were paid.

## UTILITIES

Conditions adversely affected the Gross Earnings of the Electric, Railway and Gas Utilities, which was the experience of business generally. Those now unemployed in Winnipeg who, in normal times, are steady patrons of the Street Railway Utility, and many of them customers of our Electric and Gas Utilities, now find themselves unable to utilize our various services to the same degree as formerly.

Gross Receipts of the **Electric Utility** were on a par with those for 1931, while Operating Expenses were somewhat reduced, with the result that the net showing was slightly better than in the preceding year. Under normal conditions a material increase in earnings could have been expected.

**Railway Utility** earnings were considerably reduced in 1932 when compared with the preceding year. With existing unemployment and cheap taxicab competition, it was inevitable that receipts should diminish. The effect of unemployment on the Railway Utility is evidenced by the Federal Department of Labour statement that employment in Winnipeg at the close of 1932 showed a decrease of 27.8 percent from December, 1929, and this, with other contributing factors, explains the decrease in riding during 1932 of 32.3 percent from 1929.



Owing to an increase in fares, gross revenues for 1932 do not show a decrease of similar degree, being 19.5 percent under 1929. Economies in operation, including a reduction in salaries and wages and reduction in service, reduced operating expenses for 1932 sufficiently to offset ninety-five percent of the loss in gross earnings for the year. Despite these economies, the showing of this utility was far from satisfactory, and during 1932 it fell far short of meeting the charges necessary to maintain efficient service and keep the system in a satisfactory financial condition.

Last year the Company made application to the Provincial Legislature for relief from payment of the five percent gross earnings tax, paving charges and snow removal charges, its representations to the City to secure elimination of these charges having been unsuccessful. On April 5th, 1932, a Bill calling for the relief in question was introduced in the House, and after first reading was referred to Committee. The Law Amendments Committee on May 3rd, 1932, referred the matter to the Municipal and Public Utility Board, which was asked to study the whole question from a metropolitan viewpoint and bring in a full report, suggestions or recommendations "for the consideration of the Legislature at the next session to ensure a solution of the metropolitan transportation question in the interests of the public."

This report was tabled in the House during the early part of the present session and was referred to a Select Committee of the House for consideration. The report suggested two alternative solutions for the metropolitan transportation problem, which the Committee felt it was not in a position to decide upon. Accordingly, on April 28th, 1933, the Committee passed a resolution referring the matter back to the Municipal and Public Utility Board, requesting it to prepare a single detailed plan "to provide an adequate system of street transportation for the metropolitan area of Greater Winnipeg."

It further empowered the Board to control and direct all forms of public passenger transportation in Greater Winnipeg pending the examination and inquiry and until the Legislature was able to consider any plan submitted.

Appropriate legislation to make effective this resolution will be introduced at this session.



The Gross Earnings of the **Gas Utility** were adversely affected by reason of conditions already indicated, being 4.4 percent less than for 1931. Operating Expenses were reduced, but not sufficiently to meet the loss experienced from the reduced output of gas.

### **DIVIDENDS**

No dividends on the common stock have been paid since August 1, 1930, and in the last quarter of 1931 dividends on the preferred stock were suspended. The preferred stock dividends are cumulative and all arrears must be made up before common stock dividends can be resumed.

### **GENERAL CONDITIONS**

The year 1932 brought but little diminution of the troubles and problems that broke loose in the world in the fall of 1929. We still have much unemployment, low commodity prices and general disturbance of trade and living conditions.

The cost of government has grown out of all proportion to population or income, and is a serious handicap to business. Taxation bears heavily, and with existing prices is a burden which should be lightened, but is still being increased.

Fortunately the rate of decline of productive operations in Canada during 1932 was not so severe as in 1930 and 1931. The physical volume of business indicated considerable resistance against depressing influences, especially after the first quarter of the year, and it is interesting to point out that despite the decline of the last four years the volume of business is still greater than in the primary post-war depression of 1921.

The total value of the field crops in Canada during 1932 was approximately \$424,000,000, as compared with \$426,000,000 in the year 1931. The estimated value of the five principal grain crops in the three Prairie Provinces stood at \$166,229,000 in the year under review, as compared with \$153,616,000 in the preceding year, a slight improvement.

The prices of farm produce and of other goods are still unbalanced. Whenever the farmers have been disposing of adequate crops at prices which were not depressed in relation to the prices of manufactured products in Canada, the country

has been prosperous. Today the prices of farm produce are depressed at least by one third in the relation of the prices of goods that the farmer must buy.

Only when the prices of all principal products are in line can we look for full-time operations in industry and trade.

In Manitoba there is likewise a great deal of unemployment, and the relief of destitution is a heavy burden on our governments.

There are some bright spots. The survey of the Industrial Development Board of Manitoba indicates that sixty-eight new industries were established during 1932, thirty-two added new lines and six manufacturers enlarged their plants. The most encouraging features of Manitoba's industrial growth during the year have been the growth of existing industries and the increasing use of the province's natural resources and farm products by the manufacturers of Greater Winnipeg.

The mining industry in Manitoba continues to develop. Nineteen hundred and thirty-two saw substantial gains in the quantities produced of gold, copper, zinc, silver cadmium and selenium. In common with other gold producing provinces, we show a big increase in gold production. The expenditures in 1932 in mining enterprises continued on a large scale, totalling \$9,000,000. Several mines are served by Manitoba Power Company, in which your Company has a controlling interest, and one mine has recently added to its producing capacity, involving increased demand for power, and there are possibilities of further expansion in the future.

As our most important problems depend in large measure for their solution upon international action, it would be unwise to suggest when an improvement in business conditions may be expected. However, when the upturn does come, Manitoba, as pointed out in previous reports, has much to offer in the way of natural resources and industries and much fertile land which only await further development.

#### **IMPROVEMENTS TO COMPANY'S PROPERTY**

No major improvements to the Company's property were effected during the year under review.



The usual extensions, in the form of poles, wires, transformers and meters, in the case of the Electric Utility, and of service mains and meters in that of the Gas Utility, were made to take care of new customers.

### SEVEN SISTERS FALLS

Owing to lack of demand for power on account of prevailing business conditions, the plant of Northwestern Power Company Limited at Seven Sisters Falls is not now in operation. A sufficient staff has been retained to keep the property in good order.

The inability to derive revenue from this plant has created a difficult position for Winnipeg Electric Company as the guarantor of the bonds of Northwestern Power Company Limited. Payment of interest due on the bonds of the latter Company on January 2nd, 1932, which had been provided for in the proceeds of the bond issue, was made in Canadian funds only. The holders of these bonds, having exercised their right, in accordance with the terms of the Trust Deed, to demand payment in United States funds, which were not available, it was found necessary to issue scrip certificates of the Power Company, guaranteed by Winnipeg Electric Company, to the face value of approximately \$50,000 to cover the discount on Canadian funds. This scrip was made payable January 2nd, 1935, and bears interest at the rate of six percent per annum. When the next payments of interest on the bonds became due on July 2nd, 1932, and January 2nd, 1933, the Power Company was forced to default.

At a meeting of the bondholders of Northwestern Power Company Limited, duly called, a Bondholders' Protective Committee was formed and given power to waive the defaults and to extend the time for payment of bond interest. Extended negotiations between this committee, the Power Company and Winnipeg Electric Company have resulted in an extension of time being granted until May 1st, 1933, in order that a plan for the protection of the interests of the bondholders might be formulated and agreed upon. Negotiations are still being carried on with the Bondholders' Protective Committee with a view to coming to a mutually satisfactory understanding.

## FINANCIAL OPERATIONS

No permanent financing was done by the Company during 1932.

During 1932, three hundred shares of Manitoba Power Company Limited were exchanged for a like number of Winnipeg Electric Company's common shares, and at December 31st Winnipeg Electric Company held 135,762 shares of Manitoba Power Company Limited, being 90.5 percent of the total issued capital stock of 150,000 shares.

## CHANGE IN DIRECTORATE OF COMPANY

At the last Annual Meeting of the Company, Mr. Foster Hannaford, of Chicago, retired from the directorate and Mr. A. J. Thomas, of Winnipeg, vice-president of Northern Public Service Corporation, was elected to fill the vacancy.

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The loyal and efficient services rendered by the executives and employees in conducting the affairs of your Company and its subsidiaries are most gratefully acknowledged.

EDWARD ANDERSON,  
*President.*

# WINNIPEG ELECTRIC COMPANY

## INCOME ACCOUNT

*For the Year Ended 31st December 1932*

GROSS EARNINGS FROM OPERATION.....	\$5,528,449.43
OPERATING EXPENSES, excluding Taxes and Depreciation.....	3,573,706.28
NET OPERATING INCOME.....	<u>1,954,743.15</u>
MISCELLANEOUS INCOME—Including Discount on Bonds purchased for Sinking Fund (net).....	140,918.66
GROSS INCOME.....	<u>\$2,095,661.81</u>
Interest charged on Mortgage Stock, Bonds, Bank Loans, etc. \$969,260.62	
Taxes.....	349,744.83
Depreciation.....	546,875.91
Foreign Exchange on Bond Interest.....	48,690.08
Other Income Deductions.....	4,636.56
	<u>1,919,208.00</u>
NET INCOME.....	<u>\$ 176,453.81</u>

## SURPLUS ACCOUNT

BALANCE, 1st January, 1932.....	\$292,239.05
ADJUSTMENTS in Investments and Accounts Applicable to Prior Years (net).....	73,299.60
	<u>\$ 218,939.45</u>
NET INCOME for the year 1932, brought down.....	176,453.81
SURPLUS, 31st December, 1932.....	<u>\$ 395,393.26</u>

NOTE—Net Income for the year 1932 is without making any provision for Dividends on Preferred Stock.



# WINNIPEG ELECTRIC

BALANCE SHEET

At 31st December 1933

## ASSETS

PHYSICAL PROPERTIES at Reproduction Cost as appraised by J. G. White Engineering Corporation, as of 31st December, 1916, and additions since.....\$34,363,009.88

### SINKING FUNDS:

First Refunding Mortgage 30-year 5% Sinking Fund Gold		
Bonds of Winnipeg Electric Company at par value.....	\$1,756,000.00	
Uninvested in hands of Sinking Fund Trustees.....	44,200.66	
Amount due this date (per contra).....	29,600.00	
		1,829,800.66

ADVANCES to and Stock and Bonds held in Subsidiary and other Companies at Book Value..... 7,380,365.33

### CURRENT ASSETS:

Cash in Bank and on Hand.....	\$ 164,740.43	
Cash in Bank—Special Accounts (held for Bond Interest, etc.).....	158,376.26	
Consumers' and Other Accounts Receivable, less Reserve for Doubtful Accounts.....	485,090.90	
Working Funds and Deposit with Workmen's Compensation Board, etc.....	43,280.84	
Material and Supplies, Construction and Operation.....	529,392.04	
		1,380,880.47

DEFERRED CHARGES to Operation and Insurance Premiums and Other Expenses paid in advance..... 288,123.59

\$45,242,179.93

## AUDITORS' REPORT

To the Shareholders, Winnipeg Electric Company, Winnipeg.

We have audited the books and accounts of Winnipeg Electric Company for the year ended 31st December, 1932, and report that we have received all the information and explanations we have required.

Subject to the value of the investments in and advances to subsidiary and other companies, which is further affected by interest on bonds and other obligations of Northwestern Power Company, Limited, not having been earned, and to the adequacy of the reserve for depreciation, in our opinion the above Balance Sheet is properly drawn up so as to present a true and correct view of the state of the Company's affairs, according to the best of our information and the explanations given to us, and as shown by the books of the Company.

(Signed) GEORGE A. TOUCHE & CO.,

Chartered Accountants, Auditors.

Winnipeg, 11th March, 1933.

# RIC COMPANY

## SHEET

ember 1932

### CAPITAL AND LIABILITIES

#### CAPITAL STOCK:

Cumulative Preferred Stock—		
Authorized 50,000 7% Shares of \$100.00 each and		
50,000 6% Shares of \$100.00 each.		
Issued and Outstanding 50,000 Shares of 7% Cumulative Preferred Stock.....	\$ 5,000,000.00	
Common Stock of no Par Value—		
Authorized 500,000 Shares.		
Issued and Outstanding 244,772 Shares.....	13,866,255.77	
		<u>\$18,866,255.77</u>

#### FUNDED DEBT (as per Schedule):

Mortgage Stock.....	\$ 4,380,000.00	
Bonds.....	12,000,000.00	
		<u>16,380,000.00</u>

#### CURRENT AND ACCRUED LIABILITIES:

Notes Payable to Bankers (Secured).....	\$ 1,250,000.00	
Notes Payable (Unsecured).....	50,000.00	
Accounts Payable (Material and Supplies, Operating and Construction).....	495,429.50	
Wages and Salaries Payable.....	70,225.27	
Consumers' Security Deposits.....	44,460.18	
Other Liabilities.....	280,954.96	
Accrued Interest (Payable 2nd January, 1933).....	125,000.00	
Accrued Interest Charges.....	200,902.69	
Sinking Fund Accrual (per contra).....	29,600.00	
		<u>2,546,572.60</u>

#### DEFERRED LIABILITIES:

Pavement Charges—Payable in Instalments.....	\$ 44,042.64	
Lake of the Woods Storage—Payable in Instalments.....	60,785.63	
		<u>104,828.27</u>

#### RESERVES:

Accrued Depreciation.....	\$ 6,432,419.25	
Sinking Fund Reserve.....	378,540.00	
Miscellaneous, including Reserve for Injuries and Damages.....	138,170.78	
		<u>6,949,130.03</u>

SURPLUS..... 395,393.26

\$45,242,179.93

NOTE—No Dividend has been declared or paid on Preferred Stock since October, 1931.

#### CONTINGENT LIABILITIES:

In respect of the Principal and Interest on the Bonds of and other guarantees in connection with:

Manitoba Power Company, Limited.....	\$12,500,000.00
Northwestern Power Company, Limited.....	11,484,600.00
Suburban Rapid Transit Company.....	500,000.00
Winnipeg, Selkirk & Lake Winnipeg Railway Company.....	50,000.00
Other.....	67,681.67

# WINNIPEG ELECTRIC COMPANY

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## FUNDED DEBT

*At 31st December 1932*

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### MORTGAGE STOCK:

5% Refunding Mortgage Stock or Bonds, redeemable 2nd October, 1954, total issue.....	£2,713,000.00
Less converted into dollars at \$4.87 and issued as 30-year Refunding Mortgage 6% Bonds.....	£1,437,371.13.3
Pledged as Security for Notes to Bankers..	375,628.6.9
	<hr/> 1,813,000.0.0
Outstanding in Hands of Public.....	£ 900,000.0.0
	<hr/> \$ 4,380,000.00

### BONDS:

First Refunding Mortgage 30-year 5% Sinking Fund Gold Bonds, redeemable 1st January, 1935.....	\$5,000,000.00
30-year 6% Refunding Mortgage Bonds, redeemable 2nd October, 1954.....	7,000,000.00
	<hr/> 12,000,000.00
	<hr/> \$16,380,000.00









