

WINNIPEG
ELECTRIC
COMPANY

THIRTY-THIRD
ANNUAL REPORT
NINETEEN TWENTY-FIVE

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THE
ANNUAL REPORT

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

*Submitted at the Thirty-third Annual Meeting
held on the fifth day of April
Nineteen twenty-six*

DIRECTORS:

A. W. McLIMONT, *President*

W. R. BAWLF, *Vice-President*

HUGH SUTHERLAND

G. V. HASTINGS

W. J. BULMAN

A. J. NESBITT

D. N. FINNIE

S. L. FULLER

W. H. CARTER

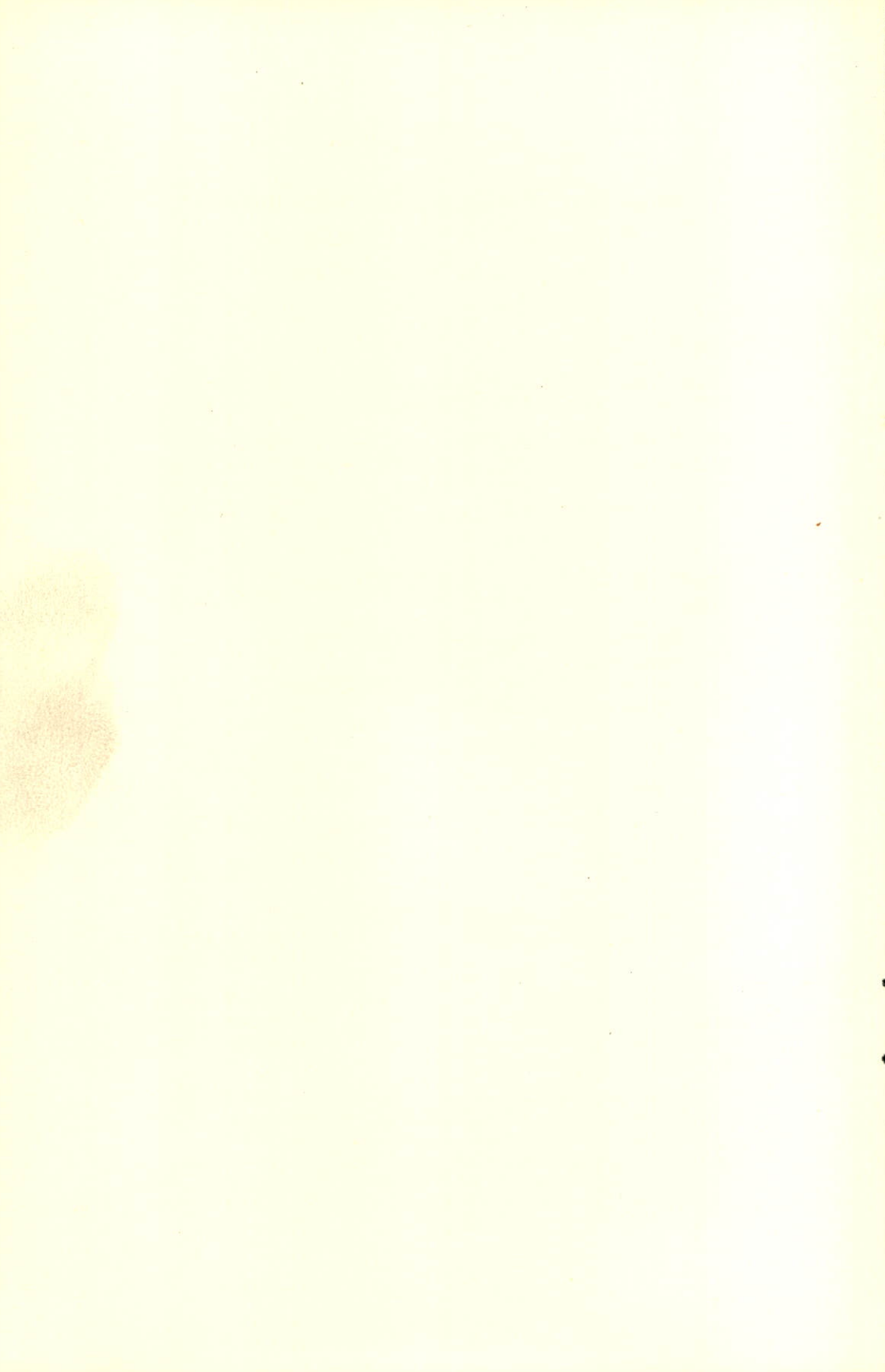
J. B. WOODYATT

N. J. BREEN

A. W. McLIMONT, *President and General Manager*

J. S. MACKENZIE, *Treasurer*

L. PALK, *Secretary*



Report of President and Directors Winnipeg Electric Company

For the year ended December 31, 1925

To the Shareholders:

Your Directors beg to submit a statement of the operations for the year ended the 31st of December, 1925, as follows:

Gross Earnings from Operation.....	\$5,211,665.37
Operating Expenses before charging Depreciation	3,301,903.92
	<hr/>
Net Operating Income.....	\$1,909,761.45
Miscellaneous Income.....	157,604.50
	<hr/>
Gross Income available to meet Fixed Charges, etc.....	\$2,067,365.95
From which the following deductions are made:	
Interest Charges on Mortgage Stock, Bonds, Bank Loans, etc.....	\$872,914.02
Extinguishment of Discount on Securities.....	26,764.64
City Percentage and Car License Taxes.....	154,237.63
Property and Other Taxes.....	163,965.76
Miscellaneous Non-Operating Ex- pense.....	3,031.07
Other Income Deductions.....	24,847.97
	<hr/>
	1,245,761.09
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Net Income as shown on accounts submitted here- with, excluding Depreciation.....	\$ 821,604.86
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The Gross Earnings for the year 1925 show an increase of \$83,341.25 over the 1924 Earnings, while the Operating Expenses show a decrease of \$77,592.73. Miscellaneous Income is greater by \$18,418.51.

After setting aside out of the Net Income of \$821,604.86 a total of \$374,050.04 for Depreciation, the balance of \$447,554.82 is carried forward to Surplus Account, bringing the total Surplus up to \$1,042,343.10 before providing for the payment of dividends. After the payment of the regular 7% dividend on the Preferred Stock, and a 2% dividend on the Common Stock of

the Company, there was a balance in the Surplus Account of \$612,343.10.

In order to provide the necessary funds to cover construction expenditures during the year on account of extensions to the property as a result of extending and increasing the load, \$1,000,000 of the \$2,488,410 par value Refunding Mortgage Bonds that remained after the changes were made in the financial structure of the Company—as outlined in the 1924 Report—were issued, leaving a balance of \$1,488,410 par value still to be issued for future extensions.

As outlined in the 1924 Report, with a view to improving and strengthening the position of the Balance Sheet, it was thought advisable to write off a proportion of certain items which were carried as tangible assets and which for the most part related to the cost of financing, consisting of discount on stock issue.

This same policy was followed in the 1925 accounts, a prorated proportion of the balance standing in this account being written off.

After making this adjustment and setting aside the annual appropriation for the Bond Sinking Fund, which amounts to \$73,100.00, there is a balance in the Surplus Account of \$380,287.57 carried forward to 1926.

UTILITIES

The Street Railway—Last year it was stated that the general tone in business appeared to indicate a tendency toward added commercial and industrial activity which it was hoped would assist the Railway Utility to register improvement in 1925. It is pleasing to report that this hope has materialized and as a result the decreases in traffic which have been experienced yearly since 1920, were checked. The Street Railway carried 55,096,000 revenue passengers in 1925, which is a slight increase over 1924.

Operating expenses of the Railway were reduced largely as result of extending one-man operation to a number of city lines. This was accomplished by slight alterations to a number of street cars and equipping them with special apparatus.

Light and Power—Gross Receipts of the Electric Utility again showed an increase of nearly \$100,000 over the previous year. Kilowatt hours generated were increased 11% over 1924.

Gas—Gross Receipts of the Gas Utility in 1925 averaged \$50,000 per month and were somewhat lower than in 1924. This was principally due to a great many apartment blocks having shifted to the use of electricity as fuel for cooking

owing to the very easy terms on which electric ranges were procurable from the Municipal Hydro System.

The increasing use of gas by industrial establishments promises to create demands for this product which will rapidly compensate any temporary losses in business from ranges in apartment blocks. Incidentally, many apartment blocks were equipped in 1925 with new up-to-date gas ranges.

Operating Expenses of the Gas Utility were materially lower in 1925, resulting from economies obtained from the new gas plant completed in August, 1924.

Extensions—The Company as usual made substantial additions and improvements to its property in 1925, particularly in many new services and additions to the Electric Distribution System. Chief among the additions are, a new outdoor substation in St. Boniface to serve the new Harris Abattoir and the growing stock yard district; a new 60,000 volt transmission line connecting the new substation with the Transcona substation; additional transformer, switching, and feeder capacities in existing substations; new car tracks between Winnipeg and St. Boniface which permits street cars to make use of the fine Provencher bridge, and seven new motor busses. The alterations to street cars, making them adaptable for one-man operation, were also important.

The Company's property as a whole has been maintained in good operating condition and continues to serve its patrons efficiently.

General Conditions—Last year it was stated that there appeared to be indications of better times ahead and this prophecy was borne out by the 1925 operations.

The outlook for the Company is for a continuance of improvement in 1926. The months of January and February bear this out, and there are so many building projects either already under way or in contemplation that it appears safe to look for improvement in all branches of the Company's service.

Changes in Directors and Officers of the Company

This Company sustained a great loss during the past year in the death of Sir Augustus Nanton on April 24th. Sir Augustus joined the directorate in 1899, later becoming Vice-President and subsequently President. On his removal to Toronto to assume the Presidency of the Dominion Bank he resigned as our President but remained a director. At that time the Board took the opportunity of expressing to Sir

Augustus, in the form of an illuminated address, the deep personal regard in which he was held and an appreciation of his valued services as a member of the Board for over a quarter of a century.

During the past year death also removed another member of the Board in the person of the late R. J. Fleming. Mr. Fleming was associated with us as a Director for a short time only, being elected to the Board in July, 1924.

Mr. A. J. Mitchell, of Toronto, who also was a member of the Board for a short time, feeling that his many interests prevented him from attending meetings at Winnipeg and giving the necessary attention to the affairs of the Company, resigned and Mr. S. L. Fuller, of the firm of Kissel, Kinnicutt & Company, of New York, was elected to the Board.

At the first meeting of the Board in the year 1926 the President, Mr. George W. Allan, K.C., resigned as President and Director, and Mr. George F. Galt also resigned as Director. In tendering his resignation Mr. Allan stated that as previous to his election to the Board and subsequently assuming the position of President, he was, and had been for many years on the boards of a large number of important corporations demanding his time and service, he felt, in justice to these corporations, to the Winnipeg Electric Company and to himself, he should relinquish the position of President and retire from the Board. Mr. Galt, in resigning, stated he also felt he had not sufficient time to give the important position of director the necessary attention.

Mr. A. W. McLimont, who for the past eight years has been Vice-President and General Manager of the Company, was unanimously elected President, and Mr. W. R. Bawlf, of Winnipeg, President of the N. Bawlf Grain Company, was elected Vice-President, and the other vacancies on the Board were filled by the unanimous election of Mr. W. H. Carter, of Winnipeg, President of Carter-Halls-Aldinger Company, Mr. James B. Woodyatt, of Montreal, President of the Southern Canada Power Company, and Mr. Nixon J. Breen, of Winnipeg, Western General Manager of the Lake of the Woods Milling Company.

A. W. McLIMONT

President

AUDITORS' REPORT

*To the Shareholders, Winnipeg Electric Company,
Winnipeg, Canada.*

We have audited the accounts of the Winnipeg Electric Company for the year ended December 31, 1925, and have compared them with the accompanying Balance Sheet and Income Account, which are in accordance with the books.

The Net Income is stated without charging a payment of \$269,000 to the Manitoba Power Co., Limited (representing power contracted for but not used), which has been capitalized by order of the Directors, as in the nature of extraordinary expenditure incident to the development of the undertaking and charged against the investment value of the stock of the Manitoba Power Co., Limited, held by this Company.

While the book value of the stocks held in subsidiary companies appears to be in excess of the tangible equities therein, as disclosed by the audited accounts of these companies, the Directors consider that their going value and potential earning power is much greater than the book value.

We certify that, in our opinion, the Balance Sheet is properly drawn up so as to present a true and correct view of the state of the affairs of the Company as at December 31, 1925, and that the Income Account correctly reflects the results of the operations for the year ended on that date.

PEAT, MARWICK, MITCHELL & CO.,
Chartered Accountants.

Winnipeg, Man., April 3, 1926.

WINNIPEG ELECTRIC

As at

ASSETS

PHYSICAL PROPERTIES at Reproduction Cost as appraised by the J. G. White Engineering Corporation, as of December 31, 1916, and additions since.....	\$29,552,618.70
LESS DECREASE in Book Value of River Park Property due to proposed Right-of-Way through Park.....	532,858.09
	<u>\$29,019,760.61</u>
RIVER PARK Property Adjustment.....	532,858.09
SINKING FUNDS:	
First Refunding Mortgage 30-Year 5% Sinking Fund	
Gold Bonds at par value.....	\$ 766,000.00
Cash in hand of Sinking Fund Trustees.....	19,929.23
	<u>\$ 785,929.23</u>
ADVANCES TO AND STOCK HELD IN SUBSIDIARY COMPANIES AT BOOK VALUE....	\$ 4,084,590.32
CURRENT ASSETS:	
Cash in Bank and on Hand.....	\$ 195,148.27
Cash in Bank—Special Accounts (Held for Bond Interest, Redemption of Bonds, etc.).....	146,630.97
Consumers' and Other Accounts Receivable less Reserve for Doubtful Accounts.....	525,360.45
Working Funds and Deposit with Workmen's Compensation Board, etc.....	36,634.80
Material and Supplies.....	409,866.91
	<u>\$ 1,313,641.40</u>
UNADJUSTED DEBITS, PREPAID ACCOUNTS, ETC.	
Discount and Expense Bond and Stock Issues in process of Amortization.....	\$ 1,334,605.79
Prepaid Accounts, Unadjusted Charges, Prepaid Insurance Premiums, etc.....	181,419.88
	<u>\$ 1,516,025.67</u>
Total.....	<u><u>\$37,252,805.32</u></u>

COMPANY—BALANCE SHEET

December 31, 1925

LIABILITIES

CAPITAL STOCK:

Authorized and Issued:

30,000 Shares 7% Cumulative Preferred Stock of \$100.00 each.....	\$ 3,000,000.00
110,000 Shares Common Stock of \$100.00 each.....	11,000,000.00
	<u>\$14,000,000.00</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:

Accounts Payable (Material and Supplies, Operating and Construction).....	\$ 524,062.25
Wages and Salaries Payable.....	92,533.10
City of Winnipeg:	
Percentage and Car License.....	154,237.63
Pavement Charges Payable in installments.....	253,142.27
Consumers' Security Deposits.....	48,459.31
Other Liabilities.....	58,333.91
Accrued Interest Charges, etc.....	184,564.35
Bond Interest (Payable January 2, 1926).....	125,000.00
Dividend on Preferred Stock (payable January 2, 1926).....	52,500.00
Dividend on Common Stock (payable February 15, 1926).....	110,000.00
	<u>\$ 1,602,832.82</u>

DEFERRED LIABILITY:

Pavement Charges, Payable in Installments.....	300,174.24
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RESERVES:

Accrued Depreciation.....	\$ 4,421,175.83
Injuries and Damages, etc.....	95,234.86
Sinking Fund.....	73,100.00
	<u>\$ 4,589,510.69</u>

SURPLUS.....

380,287.57

Total.....\$37,252,805.32

CONTINGENT LIABILITIES:

In respect of the Principal and Interest of the Bonds of the

Winnipeg, Selkirk and Lake Winnipeg Railway Company.....	\$ 50,000.00
Suburban Rapid Transit Company.....	500,000.00
Manitoba Power Company, Limited.....	7,500,000.00
	<u>7,500,000.00</u>

WINNIPEG ELECTRIC COMPANY

FUNDED DEBT

As at December 31, 1925

MORTGAGE STOCK:

5% Refunding Mortgage Stock or Bonds, Redeemable October 2, 1954, total issue.....		£ 2,643,000
Less converted into dollars at \$4.87 and issued as 30-Year Refunding Mortgage 6% Bonds.....	£1,437,371.13.3	
Held in Treasury.....	305,628. 6.9	
	1,743,000	
Outstanding in Hands of Public.....	£ 900,000	\$4,380,000.00

BONDS:

5% First Mortgage Bonds Winnipeg Electric Street Railway Company, redeemable January 1, 1927.....		\$ 1,000,000.00
Less Exchanged for First Refunding Mortgage 30-Year 5% Sinking Fund Gold Bonds, Redeemable January 1, 1935.....	421,000.00	
	\$ 579,000.00	

First Refunding Mortgage 30-Year 5% Sink- ing Fund Gold Bonds, Redeemable January 1, 1935.....		\$5,000,000.00
Less Held in Escrow.....	579,000.00	
	\$ 4,421,000.00	

30-Year 6% Refunding Mortgage Bonds Redeem- able October 2, 1954.....		\$ 7,000,000.00
	12,000,000.00	
Total.....		\$16,380,000.00

WINNIPEG ELECTRIC COMPANY

INCOME ACCOUNT

For the Year ended December 31, 1925

GROSS EARNINGS FROM OPERATION.....	\$5,211,665.37
OPERATING EXPENSES before charging Depreciation.....	3,301,903.92
NET OPERATING INCOME.....	\$1,909,761.45
MISCELLANEOUS INCOME.....	157,604.50
(Includes \$54,000.00 Interest charged Subsidiaries in excess of earned fixed charges for the year 1925.)	
GROSS INCOME.....	\$2,067,365.95
 DEDUCT:	
Interest Charges on Mortgage Stock, Bonds, Bank Loans, etc.	\$872,914.02
Extinguishment of Discount on Securities.....	26,764.64
City Percentage and Car License.....	154,237.63
Taxes.....	163,965.76
Miscellaneous Non-Operating Taxes.....	3,031.07
Other Income Deductions.....	24,847.97
	1,245,761.09
NET INCOME BEFORE CHARGING DEPRECIATION.....	\$ 821,604.86
 DEDUCT:	
Depreciation.....	201,050.04
NET INCOME TRANSFERRED TO SURPLUS.....	\$ 620,554.82
 SURPLUS BROUGHT FORWARD from 1924 as Adjusted.....	
NET INCOME TRANSFERRED.....	\$620,554.82
ADDITIONAL DEPRECIATION.....	173,000.00
	447,554.82
	\$1,042,343.10
DIVIDENDS on 7% Cumulative Preferred Stock.....	\$210,000.00
DIVIDENDS on Common Stock.....	220,000.00
	430,000.00
	\$ 612,343.10
 DEDUCT APPROPRIATIONS:	
Sinking Fund Reserve.....	\$ 73,100.00
Deferred and Undistributed Charges such as Stock Discount and Expenses, etc.	158,955.53
	232,055.53
SURPLUS CARRIED FORWARD.....	\$ 380,287.57

