

WINNIPEG
ELECTRIC
COMPANY

THIRTY-SECOND
ANNUAL REPORT
NINETEEN TWENTY-FOUR

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THE
ANNUAL REPORT
OF
WINNIPEG ELECTRIC COMPANY
FOR THE FISCAL YEAR ENDED
THIRTY - FIRST OF DECEMBER
NINETEEN TWENTY - FOUR

*Submitted at the Thirty-second Annual Meeting
held on the sixth day of April
Nineteen twenty-five*

DIRECTORS:

G. W. ALLAN, K.C., *President*

A. W. McLIMONT, *Vice-President*

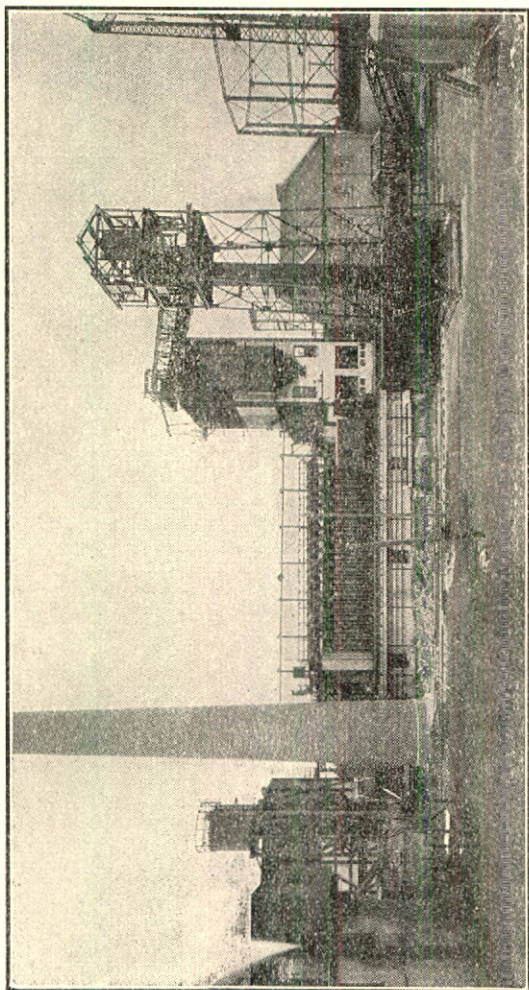
SIR AUGUSTUS M. NANTON	D. N. FINNIE
HUGH SUTHERLAND	A. J. NESBITT
G. V. HASTINGS	R. J. FLEMING
W. R. BAWLF	GEO. F. GALT
W. J. BULMAN	A. J. MITCHELL

A. W. McLIMONT, *General Manager*

F. M. BLACK, *Vice-President i/c of Finances*

J. S. MACKENZIE, *Treasurer*

L. PALK, *Secretary*



NEW KOPPERS COKE OVEN GAS PLANT

Report of the President and Directors Winnipeg Electric Company

For the year ended December 31, 1924

To the Shareholders:

Your Directors beg to submit a statement of the operations for the year ended the 31st of December, 1924, as follows:

Gross Earnings from operations.....	\$5,128,324.12
Operating Expenses before charging Depreciation	3,379,496.65

Net Operating Income.....	\$1,748,827.47
Miscellaneous Income.....	139,185.99

Gross Income available to meet Fixed Charges, etc.....	\$1,888,013.46
From which the following deductions are made:	
Interest Charges on Bonds, Bank Loans, etc.....	\$700,462.74
Extinguishment of Discount on Securities.....	19,726.20
City Percentage and Car License Taxes.....	159,597.57
Property and Other Taxes.....	155,511.97
Miscellaneous Non-operating Ex- penses.....	3,321.83
Other Income Deductions.....	29,033.23

	1,067,653.54
Net Income as shown on accounts submitted here- with, excluding Depreciation.....	\$ 820,359.92

The Gross Earnings for the year 1924 show a decrease of \$152,083.60 from the 1923 earnings, while the Operating Expenses show a decrease of \$86,395.90. Miscellaneous Income is greater by \$11,480.11.

The comparatively dull business conditions referred to in the reports of previous years continued throughout 1924 and the reduction in Gross Earnings shown above is due to this cause.

After setting aside out of the Net Income of \$820,359.92 a total of \$366,050.04 for Depreciation and providing for the payment of \$279,691.80, representing the amount which was

necessary to complete payments called for by the Contract with the Manitoba Power Company, Limited,—which is controlled by the Winnipeg Electric Company—the balance remaining and carried forward to Surplus Account is \$174,618.-08, bringing the balance in that account to \$2,691,131.88. After the payment of the regular Dividend on the Preferred Stock and a Dividend of one per cent on the Common Stock the balance in Surplus Account is \$2,371,131.88.

During the past year your Directors concluded arrangements for a change in the financial structure of the Company by converting £1,743,000 of Perpetual Debenture Stock into \$8,488,410 (par value) of Refunding Mortgage 6% Bonds due 1954. Of these \$6,000,000 have been issued. The proceeds were used to retire \$3,250,000 of General Mortgage and Collateral Trust 6% Bonds due 1943 and for general construction requirements of the Company. There now remains with the Company power to issue additional Refunding Mortgage Bonds up to the par value of \$2,488,410, after certification by the Trustee. This is in accordance with the policy which was approved by the stockholders at the Special General Meeting on the 25th September, 1924, to provide capital for early extensions by the Company.

With this financing successfully accomplished and provision made for extensions as may be required to protect an increased load within the next two years, your Directors thought it an opportune time to eliminate from the Balance Sheet some items which no longer represented tangible assets and which were for the most part related to costs of past financing. The account thus affected is that which appears in the Balance Sheet as "Unadjusted Debits, Prepaid Accounts, etc." While one year ago its total was \$3,061,174.33 at the 31st December, 1924, it appears as \$1,359,656.11 only, and of this amount \$79,490.15 represents chiefly Prepaid Accounts of various types. The remainder, \$1,280,165.96, covers the discount on the latest bond issue and part of the Discount on the Preferred Stock issue, both amounts to be amortized over future years.

While the effect of this action has been to reduce the Surplus Account which now stands at \$556,241.79 your Directors are of the opinion that the position of the Balance Sheet has been very materially strengthened thereby.

UTILITIES

The Street Railway—The Street Railway has been experiencing a decrease in traffic since 1920, in which year it established a record by carrying 65,240,000 revenue passengers

as contrasted with 55,078,000 during the past year. These conditions arise from several causes:

(a) The general business depression which directly affects transportation service.

(b) The unusually open winter of 1923-24.

(c) The increased number of automobiles in use, of which 18,409 were licensed in Greater Winnipeg in 1924 as contrasted with 11,783 in 1920.

Light and Power—Gross Receipts by the Electric Utility were \$100,000 greater than during the previous year. Kilowatt hours generated were increased 21%, this result being obtained despite the adverse business conditions already referred to.

During the year exclusive contracts with the City of St. Boniface and the principal suburban municipalities adjacent to Winnipeg were consummated for terms ranging from 12 to 20 years. These contracts have been ratified by the Manitoba Legislature and undoubtedly will prove to be valuable.

Gas—As it had been recognized that much of the former gas plant would have in the ordinary course of events to be renewed and because of the necessity of manufacturing gas at a price that would enable it to be sold upon a heat unit basis equal to that obtained from electric fuel service, a new carbonizing plant of the Koppers By-product Gas Oven type was installed in 1924. It was completed and in operation last August. By its increased efficiency and by the production of a higher grade of coke, which is in great demand for fuel, the cost of the gas produced has been substantially reduced.

Extensions—The Company made substantial additions and improvements to its property in 1924, particularly in many new services and additions to the electric distribution, in track extensions, and in the purchase and operation of motor busses, to meet franchise requirements.

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

General Conditions—The general tone in business at the present time in Greater Winnipeg appears to show a distinct tendency towards improvement and added commercial activity is apparent.

The outlook for the Company is for a better showing in the electric and gas utilities and it is hoped that the railway utility will be able also to register improvement for 1925. Much depends upon how rapidly economic conditions are restored to normal.

On December 15th, 1924, Sir Augustus Nanton resigned as President of this Company because of his removal to Toronto to become President of the Dominion Bank, and Mr. George W. Allan, K.C., was appointed President in his stead. Sir Augustus, who has been connected with the affairs of the Company since 1898, continued as a member of the Board, and upon his retirement from the office of President the Company presented him with an illuminated address signed by the Directors and executive officers, gratefully acknowledging his valued services.

As the name Winnipeg Electric Railway Company appeared no longer to describe adequately the business of the Company an amendment to its Act of Incorporation was sought and obtained from the Provincial Legislature changing its name to Winnipeg Electric Company.

G. W. ALLAN,
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, 1924, and have compared them with the accompanying Balance Sheet and Income Account, which are in accordance with the books. In our opinion the Balance Sheet is properly drawn up so as to present a true and correct statement of the affairs of the Company as at December 31, 1924, and the Income Account correctly reflects the results of the operations for the year ended that date. The allowance for depreciation charged against the Net Income for the year is the amount mentioned in the report of the J. G. White Engineering Corporation, additional depreciation has been charged against the Surplus Account.

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

Winnipeg, Man., April 2, 1925.

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.....	\$29,077,672.97
LESS DECREASE in Book Value of River Park Property due to proposed Right-of-Way through Park.....	532,858.09
	<u>\$28,544,814.88</u>
RIVER PARK Property Adjustment.....	532,858.09
SINKING FUNDS:	
First Refunding Mortgage 30-Year 5% Sinking Fund Gold Bonds at par value.....	\$675,000.00
Cash in hand of Sinking Fund Trustees	17,419.29
	<u>\$ 692,419.29</u>
ADVANCES TO AND STOCK HELD IN SUBSIDIARY COMPANIES AT BOOK VALUE....	\$ 3,379,313.49
CURRENT ASSETS:	
Cash in Bank and on Hand.....	\$ 54,459.43
Cash in Bank—Special Accounts (Held for Bond Redemption, Bond Interest, etc.).....	3,280,647.94
Consumers and other Accounts Receivable less Reserve for Doubtful Accounts.....	516,486.42
Working Funds and Deposits with Workmen's Compensation Board, etc.....	45,123.01
Material and Supplies.....	560,524.74
	<u>\$ 4,457,241.54</u>
UNADJUSTED DEBITS, PREPAID ACCOUNTS, ETC.	
Discount and Expense Bond and Stock Issues in process of Amortization.....	\$1,280,165.96
Prepaid Accounts, Unadjusted Charges, Prepaid Insurance Premiums, etc.....	79,490.15
	<u>\$ 1,359,656.11</u>
Total.....	<u><u>\$38,966,303.40</u></u>

COMPANY—BALANCE SHEET

December 31, 1924

LIABILITIES

CAPITAL STOCK:

Authorized and Issued:

30,000 Shares 7% Cumulative Preferred Stock of \$100 each.....	\$ 3,000,000.00
110,000 Shares Common Stock of \$100 each.....	11,000,000.00
	\$14,000,000.00

FUNDED DEBT as per Schedule:

Mortgage Stock.....	\$ 4,380,000.00
Bonds.....	11,000,000.00
	\$15,380,000.00

CURRENT AND ACCRUED LIABILITIES:

Note Payable to Bankers.....	\$ 1,050.00
20 Year General Mortgage and Collateral Trust 6% Gold Bonds to be retired on or before March 1, 1925, by Funds in Special Account.....	2,422,200.00
Accounts Payable (Material and Supplies, Operating and Construction).....	611,677.42
Wages and Salaries Payable.....	93,143.00
City of Winnipeg:	
Percentage and Car License.....	159,597.57
Pavement Charges in Process of Adjustment.....	346,219.13
Consumers' Security Deposits.....	55,398.69
Other Liabilities.....	190,958.95
Accrued Interest Charges, etc.....	216,290.38
Bond Interest Payable January 2, 1925.....	125,000.00
Dividend on Preferred Stock (payable January 2, 1925).....	50,246.00
Dividend on Common Stock (payable February 1, 1925).....	110,000.00
	\$ 4,381,781.14

DEFERRED LIABILITY:

Pavement Charges, Payable in Installments.....	418,277.95
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RESERVES:

Accrued Depreciation.....	\$4,135,304.37
Injuries and Damages, etc.....	94,698.15
	\$ 4,230,002.52

SURPLUS.....	556,241.79
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Total.....	\$38,966,303.40
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CONTINGENT LIABILITIES:

In respect of the Principal and Interest of the Bonds of the Winnipeg, Selkirk and Lake Winnipeg Railway Company.....	\$ 1,400,000.00
Suburban Rapid Transit Company.....	500,000.00
Manitoba Power Company Limited.....	7,500,000.00

WINNIPEG ELECTRIC COMPANY

FUNDED DEBT

As at December 31, 1924

MORTGAGE STOCK:

5% Refunding Stock or Bonds, total issue..	£2,643,000	
Less converted into dollars at \$4.87 and issued as 30-Year Refunding Mortgage		
6% Bonds.....	£1,232,032.17. 1	
Held in Treasury.....	510,967. 2.11	
	1,743,000	
Outstanding in Hands of Public.....	£ 900,000	\$4,380,000.00

BONDS:

5% Refunding 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.....	333,000.00	
	\$ 667,000.00	

First Refunding Mortgage 30-Year 5% Sink- ing Fund Gold Bonds Redeemable Janu- ary 1, 1935.....	\$5,000,000.00	
Less held in Escrow.....	667,000.00	
	\$4,333,000.00	

30-Year 6% Refunding Mortgage Bonds Re- deemable October 2, 1954.....	6,000,000.00	
	11,000,000.00	
Total.....	\$15,380,000.00	\$15,380,000.00

WINNIPEG ELECTRIC COMPANY

INCOME ACCOUNT

For the Year ended December 31, 1924

GROSS EARNINGS FROM OPERATION.....	\$5,128,324.12
OPERATING EXPENSES before Charging Depreciation.....	3,379,496.65
NET OPERATING INCOME.....	\$1,748,827.47
MISCELLANEOUS INCOME.....	139,185.99
GROSS INCOME.....	\$1,888,013.46
 DEDUCT:	
Interest Charges on Bonds, Bank Loans, Etc.....	\$700,462.74
Extinguishment of Discount on Securities.....	19,726.20
City Percentage and Car License.....	159,597.57
Taxes.....	155,511.97
Miscellaneous Non-Operating Expenses.....	3,321.83
Other Income Deductions.....	29,033.23
	1,067,653.54
NET INCOME BEFORE CHARGING DEPRECIATION.....	\$ 820,359.92
 DEDUCT:	
Depreciation.....	201,050.04
NET INCOME TRANSFERRED TO SURPLUS.....	\$ 619,309.88
 SURPLUS BROUGHT FORWARD from 1923 as Adjusted.....	
NET INCOME TRANSFERRED.....	\$2,516,513.80
BALANCE OF POWER CONTRACT—Mani- toba Power Company, Limited.....	\$279,691.80
ADDITIONAL DEPRECIATION.....	165,000.00
	444,691.80
	174,618.08
	\$2,691,131.88
DIVIDENDS on 7% Cumulative Preferred Stock.....	\$210,000.00
DIVIDEND on Common Stock.....	110,000.00
	320,000.00
	\$2,371,131.88
 DEDUCT:	
Appropriation on account of Deferred and Undistributed Charges, such as stock Discount and Expense, Bond Discount and Expense, etc., written off Net.....	1,814,890.09
SURPLUS CARRIED FORWARD.....	\$ 556,241.79

