

**MONTREAL LIGHT, HEAT AND POWER
CONSOLIDATED**

SECOND ANNUAL REPORT

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POWER BUILDING—HEAD OFFICE

Montreal Light, Heat and Power Consolidated

NOTICE OF MEETING

The Annual General Meeting of the Shareholders of **Montreal Light, Heat & Power Consolidated** will be held at the Company's Offices, Room 319, Power Building, Montreal, Que., on

Wednesday, the 5th day of June, 1918,

at twelve o'clock noon, for the reception of the Annual Report, Election of Directors and the transaction of such other business as may legally come before said meeting.

The Transfer Books of the Company will be closed from June 4th to June 5th, 1918, both days inclusive.

By Order of the Board,

C. S. BAGG,

Secretary-Treasurer.

Montreal, May 22nd, 1918.

DIRECTORS

SIR HERBERT S. HOLT - - President
J. S. NORRIS - - - Vice-President

J. E. ALDRED

SIR H. MONTAGU ALLAN, C.V.O.

GEORGE CAVERHILL

ARTHUR V. DAVIS

SIR RODOLPHE FORGET, M.P.

C. R. HOSMER

G. H. MONTGOMERY, K.C.

HON. NARCISSE PERODEAU

HON. H. B. RAINVILLE

C. S. BAGG - - - Secretary-Treasurer

G. R. WHATLEY - - Asst. Secretary-Treasurer

SECOND ANNUAL REPORT

**Montreal Light, Heat and Power
Consolidated**

OPERATING

The Montreal Light, Heat & Power Co., Provincial Light, Heat & Power Co., Standard Light & Power Co., The Cedars Rapids Manufacturing & Power Co., Lachine Rapids Hydraulic & Land Co., The Royal Electric Co., The Montreal Gas Co.

REPORT

OF THE

PRESIDENT AND DIRECTORS

Submitted at the 2nd Annual Meeting of the Shareholders, held on Wednesday, June 5th, 1918

TO THE SHAREHOLDERS :

Introductory to this Report, the Shareholders are reminded of the change of name of the Company during the year, as sanctioned by Legislature, from The Civic Investment & Industrial Company to **Montreal Light, Heat & Power Consolidated**. The status of the Company is not otherwise affected, consequently it is not deemed necessary to exchange outstanding stock certificates.

The following Report and Financial Statement of the Company's operations for fiscal year ended April 30th, 1918, is submitted as follows:—

Gross Revenue.....	\$10,390,684.14
Expenses and Taxes.....	\$4,767,869.41
Depreciation and Renewal Reserve..	1,039,068.41
	<u>5,806,937.82</u>
Net Revenue	\$ 4,583,746.32
Fixed Charges.....	995,022.39
	<u>3,588,723.93</u>
Net Income	\$ 3,588,723.93
Dividends Paid.....	\$1,916,367.00
Dividend Payable May 15th, 1918...	639,658.00
	<u>2,556,025.00</u>
Surplus	\$ 1,032,698.93
Less Appropriations:—	
Pension Fund.....	20,000.00
	<u>1,012,698.93</u>
Transferred to General Surplus	\$ <u>1,012,698.93</u>

REVENUE

Both Gross and Net Revenues for the year are very gratifying, although net revenues continue to be restricted by the prevailing high and constantly increasing costs of labour and supplies, and notwithstanding the most rigid economy the operating costs have risen out of proportion to the earnings. This applies more particularly to the Gas Department, where our principal supplies of coal and oil have during the year further increased in cost, and while the Company has up to the present absorbed the additional cost to the relief of the consumers, it is possible that the price of gas will have to be advanced to meet the prevalent strenuous and abnormal conditions affecting this branch of the business.

Your Company continues to enjoy its unrivalled record for low rates for both gas and electricity and has as yet refrained from increasing either, while other companies to meet increased costs have universally advanced rates or have applications pending therefor. This is the more remarkable when it is considered that your Company is farther afield than others from the source of its raw materials, and is required to import same against heavy customs and war duties; our consumers who, as inferred, are solely benefiting by the low rates must feel gratified in the circumstances.

Your Directors will maintain current rates as long as the burden can be carried without impairing the Company's financial condition; but if any temporary increase in rates should become necessary, it will be realized by both consumers and shareholders that same is attributable to uncontrollable conditions.

SURPLUS EARNINGS

The Surplus Earnings from the year's operations amounted to **\$1,032,698.93**, out of which **\$20,000.00** has been appropriated for Pension Fund; the balance, amounting to **\$1,012,698.93**, has been carried forward to General Surplus, bringing the Accrued Surplus as at the close of the year to **\$1,585,313.54** as per Balance Sheet.

DEPRECIATION

The usual and necessary provision has been made for depreciation, and it is largely due to the past prudence of your Directors in providing amply for this and other reserves that the Company has been able to withstand up to the present the strenuous conditions arising out of the war.

TAXATION

Federal, Provincial and Municipal taxes of a new and increasing character are multiplying rapidly and present a serious problem indirectly affecting our gas and electric consumers, who perforce must ultimately pay these taxes. In this connection the surtax imposed on public utilities by the City of Montreal, with the consent and authority of the Provincial Legislature, will affect this Company for a period of three years to the extent of upwards of **\$125,000.00** per annum.

Under the provisions of the Income War Tax Act, 1917, as enacted by the Federal Government, it is calculated that this Company's contribution for the year under review will amount to **\$143,551.69**; this amount has been provided out of reserves and is being held pending assessment.

FINANCIAL

During the year regular quarterly dividends have been declared and paid on the stock of the Company at the rate of 4% per annum.

There were redeemed during the year for sinking fund purposes, in accordance with the mortgages securing the respective issues, **\$56,000.00** of mortgage debt, as constituted by **\$36,000.00** of The Montreal Light, Heat & Power Company's Lachine Division Sinking Fund Bonds and **\$20,000.00** of Provincial Light, Heat & Power Company Sinking Fund Bonds.

ADDITIONS AND BETTERMENTS

The extension of the Cedars Rapids hydro-electric plant, referred to in the last Annual Report, has progressed satisfactorily and will, it is expected, be completed as scheduled.

This plant has presently an installed capacity of 100,000-H.P. in operation; the extension, it is reminded, comprises the completion of the sub-structure for the ultimate development of 180,000-H.P., and the super-structure for 140,000-H.P., although for the present only two additional units of 10,000-H.P. each are being installed.

The extension in comparison with the original installation will be relatively costly on account of the prevailing high prices for equipment, supplies and labour, but your Directors were impelled to undertake the work to satisfy the increasing demand for electricity for war and other purposes.

The Company has received bonds of The Cedars Rapids Manufacturing & Power Company for its expenditure upon this extension; these bonds are presently held in treasury and will be sold when conditions are favourable to reimburse the Company its heavy cash disbursements for the work.

The demand for gas and electricity in Montreal and vicinity is unprecedented, and while the public elsewhere, in both Canada and the United States, have been suffering from an insufficient and restricted supply, your Company has fortunately been able to meet all demands and furnish an unrestricted supply of both gas and electricity. This reflects and justifies the past policy of the Company in maintaining adequate margins of reserve capacity in its gas and electric plants. The reserve capacity in the Gas Department has already been encroached upon, and it is probable, if the demand continues, that an addition to the retort capacity at Lasalle Gas Works will be necessary.

In keeping with its broad public policy your Company acquired during the year, at an advantageous price, the property at the northeast corner of St. Catherine and Mountain Streets for the exhibition, demonstration and sale of gas and electric appliances, and later for the purposes of an electric distributing station which will be installed in the basement. The building has since been remodelled and opened with a full assortment of gas and electric appliances; it is one of the largest and best appointed show-rooms of its kind in America and has been the subject of much favourable comment by our consumers and the public generally. A photograph of the property—"Uptown Power Building"—appears on the fly leaf of this Report.

PROPERTIES AND PLANTS

The properties and plants of the Company and its subsidiaries have been maintained in the same high state of efficiency as heretofore, as evidence of which there was expended during the year on Maintenance Account **\$455,302.73**, which, with the appropriation for Depreciation and Renewal Reserve, as noted, represents a total expenditure and provision in this connection of **\$1,494,371.14**.

Your Directors take advantage of the opportunity to express their appreciation of the fidelity and efficiency of the Officers and Employees of the Company, whose duties have been rendered extremely onerous as a consequence of the unusual conditions arising out of the war.

AUDIT OF ACCOUNTS

The accounts of the Company have been audited by Messrs. P. S. Ross & Sons, Chartered Accountants of Montreal, and their certificate is appended hereto.

Submitted on behalf of the Directors,

H. S. HOLT, President.

Montreal, May 22nd, 1918.

Montreal Light, Heat and Power Consolidated

GENERAL BALANCE SHEET

APRIL 30TH, 1918

ASSETS

Stocks, Bonds and Interests in other Corporations.....	\$65,320,150.98
Advances to Subsidiary Companies	1,010,682.21
Property and Plant Investment....	222,057.92
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	\$66,552,891.11

CURRENT ASSETS

Treasury Bonds.....	\$ 3,162,600.00
Investment Securities.....	1,208,015.11
War Loans.....	381,978.77
Bills Receivable.....	536,689.57
Accounts Collectible.....	1,166,935.18
Stores.....	388,411.30
Coal, Coke, Tar, etc.....	348,946.05
Cash on Hand and in Bank.....	1,327,454.38
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	\$ 8,521,030.36
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	\$75,073,921.47
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Verified,

P. S. ROSS & SONS,

Chartered Accountants.

Montreal Light, Heat and Power Consolidated

GENERAL BALANCE SHEET

APRIL 30TH, 1918

LIABILITIES

Capital Stock.....	\$63,965,800.00
Reserves, inc. Subsidiary Companies—	
Insurance.....	300,000.00
Contingent.....	374,304.36
Depreciation and Renewal....	5,422,251.74
Pension Fund.....	118,444.67
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	\$70,180,800.77

CURRENT LIABILITIES

Bills Payable.....	\$ 579,801.79
Accounts Payable.....	805,590.68
Customers' Deposits.....	94,332.55
Accrued Interest on Bonds.....	313,909.91
General Suspense Account.....	730,962.54
Dividend Payable May 15th, 1918..	639,658.00
Income War Tax.....	143,551.69
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	3,307,807.16
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Surplus Account.....	\$73,488,607.93
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	1,585,313.54
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	\$75,073,921.47
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Certified Correct,
H. R. LYONS,
Comptroller.

P. S. ROSS & SONS,
CHARTERED ACCOUNTANTS
MONTREAL

MONTREAL, May 22nd, 1918.

To the President and Directors of

*Montreal Light, Heat and Power Consolidated,
Montreal.*

Gentlemen:—

We beg to report having audited the financial transactions of your Company for year ended April 30th, 1918, and have verified the following statements, viz.:

1. Revenue Accounts.
2. Assets and Liabilities.
3. Investment Securities.

We have carefully followed up the Revenue Accounts for the past year and find them to be correctly recorded, and have seen satisfactory vouchers for the Disbursements.

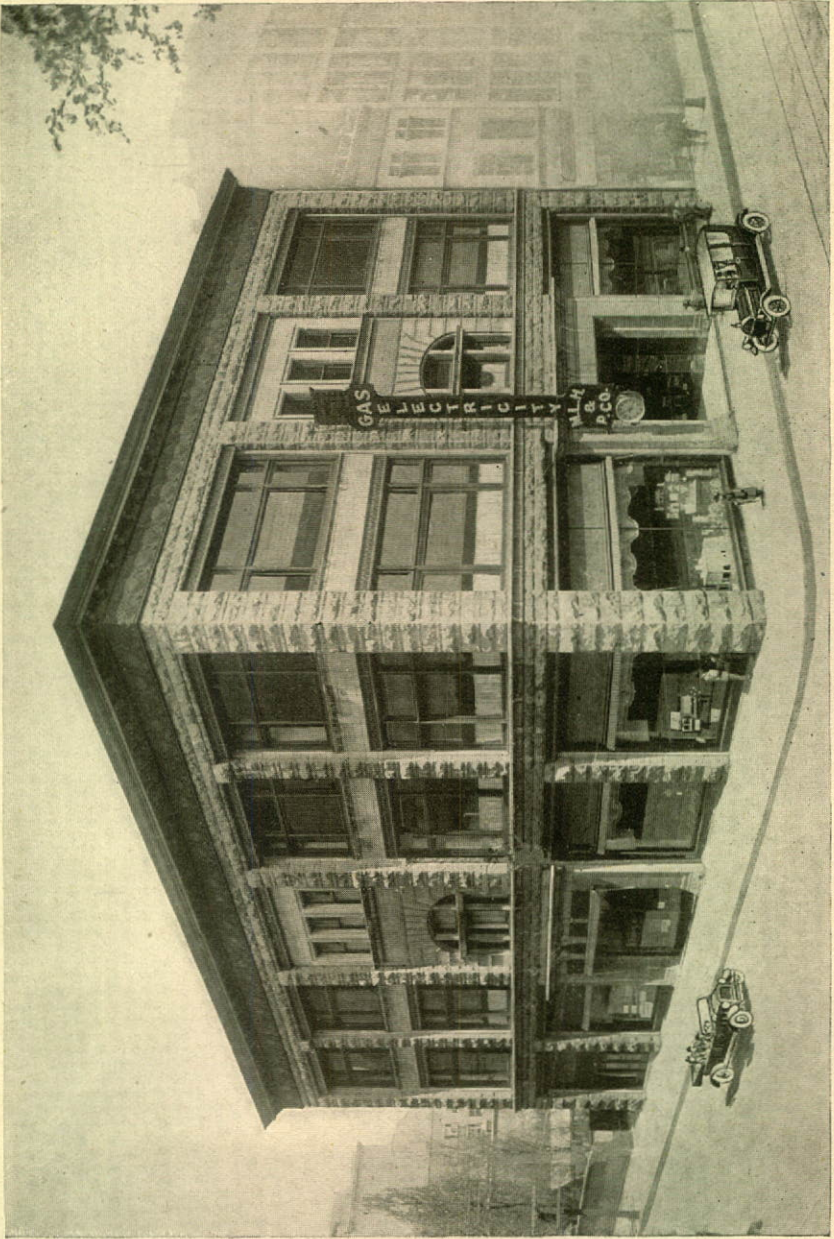
The Bank and Cash balances have been verified by us at the close of the year.

The inventories of Material and Stock on hand have been certified by your Storekeeper, and have been accepted by us as correct.

We have obtained all information and explanations that we have asked, and all the requirements of our audit have been complied with.

Respectfully submitted,

(Sgd.) P. S. ROSS & SONS,
Chartered Accountants.



UPTOWN POWER BUILDING

