

**THE MONTREAL
LIGHT, HEAT & POWER
COMPANY**

FIFTEENTH ANNUAL REPORT

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GENERAL OFFICE BUILDING,
MONTREAL LIGHT, HEAT & POWER COMPANY.

Annual Report
of the
**Montreal Light, Heat & Power
Company**

For the Fiscal Year ended April 30th, 1916

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ANNUAL GENERAL MEETING

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

Wednesday, the 7th day of June, 1916,

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 6th to June 7th, 1916, both days inclusive.

By Order of the Board,
J. S. NORRIS,

General Manager and Sec.-Treas.

Montreal, May 22nd, 1916.

DIRECTORS

♦

SIR HERBERT S. HOLT - - President
SIR RODOLPHE FORGET, M.P. - - Vice-President
HON. ROBERT MACKAY
SIR H. MONTAGU ALLAN, C.V.O.
HON. H. B. RAINVILLE C. R. HOSMER
J. E. ALDRED GEORGE CAVERHILL
HON. NARCISSE PERODÉAU
J. S. NORRIS - General Manager and Sec.-Treas.

FIFTEENTH ANNUAL REPORT
The Montreal Light, Heat & Power Co'y.

REPORT
OF THE
PRESIDENT AND DIRECTORS

FOR FISCAL YEAR ENDED APRIL 30th, 1916.

Submitted at the 15th Annual Meeting of Shareholders, held on
 Wednesday, June 7th, 1916.

TO THE SHAREHOLDERS:

Your Directors beg to submit the following Report and Financial Statement of the Company's operations for the fiscal year ended April 30th, 1916, as follows:—

Gross Revenue		\$6,877,167.71
Operation and Maintenance.....	\$2,856,798.39	
Depreciation & Renewal Reserve....	675,000.00	<u>3,531,798.39</u>
Net Revenue		\$3,345,369.32
Fixed Charges.....		<u>487,181.26</u>
Net Income		\$2,858,188.06
Dividends Paid.....	\$1,403,205.00	
Dividend Payable May 15th, 1916...	467,735.00	<u>1,870,940.00</u>
Surplus from year's operations		\$987,248.06
Less appropriations:—		
Officers' and Employees' Pension Fund.....	\$10,000.00	
War Tax.....	204,729.91	<u>214,729.91</u>
Transferred to General Surplus		<u>\$772,518.15</u>

REVENUE

The Gross and Net Revenue and Surplus Earnings show substantial and satisfactory increases over the previous year, notwithstanding the unusual and disturbed business conditions that have prevailed throughout the period under review and the fact that there are at present upwards of eight thousand vacant houses and stores in the city and suburbs, incident to the war and recruiting amongst householders. As a matter of fact our increased earnings are in large measure due to electric power and gas sales for munition purposes and are, consequently, of a more or less temporary nature.

It remains an open question what trend business will assume after the conclusion of hostilities; it is natural to expect some general readjustment and we can only hope that the period will not be severe nor prolonged.

SURPLUS EARNINGS

The Surplus Earnings from the year's operations amount to \$987,248.06, from which has been deducted the usual appropriation to Officers' and Employees' Pension Fund of \$10,000.00, also reserve of \$204,729.91 to meet this year's contribution to the Business Profits War Tax Act of the Dominion Government elsewhere referred to. With these provisions the balance amounts to \$772,518.15 and has been carried forward to General Surplus, bringing the Accrued Surplus as at the close of the year to \$5,742,272.83.

DEPRECIATION

It will be observed the usual and necessary provision has been made for depreciation in conformity with the practice obtaining in this and other prudently managed corporations of like character both in Canada and elsewhere. The total reserve to date for this purpose amounts to \$3,586,353.51, and, with our other reserves, has been invested in revenue-earning plant upon which no dividend has to be earned, to the sole benefit of the public.

WAR TAXES, ETC.

The Business Profits War Tax Act, as recently enacted by the Dominion Government to provide for the payment of war debts, purports to tax for three fiscal periods subsequent to December 31st, 1914, the profits of all corporations in excess of 7% on share capital and unimpaired reserves employed in the conduct of their business. It has been calculated that this Company's contribution will amount in the aggregate to approximately \$600,000.00. Two tax periods under the Act have already accrued for your Company; the first year's tax amounting to \$169,344.04 has been provided out of Suspense Account, while that for this year has been provided, as noted, out of current year's Earnings—the two years together appear on the Balance Sheet and will be paid according to the provisions of the Act.

In addition to this extraordinary item of expense, your Company is experiencing inevitably higher costs as a result of abnormal prices and surtaxes prevalent on all raw materials and supplies used in its business—notably Gas Oil and Copper, of which,

naturally, large supplies are annually required, and which are both presently selling at double the price of a year ago. There are innumerable other instances of abnormal prices for materials and supplies, such as Coal, Iron Pipe and Metals of all classes; in fact, some materials are totally unavailable and others can be secured in limited quantities only, and it will be incumbent upon your Management to conserve such supplies as much as possible.

FINANCIAL

During the year there were redeemed for cancellation, in accordance with mortgage requirements, \$32,000.00 of the Company's Lachine Division Sinking Fund Bonds.

ADDITIONS AND BETTERMENTS

The installation of conduits and cables for electric distribution on St. Catherine and Bleury Streets, referred to in last year's report, was completed during the year and underground service on these thoroughfares established. The inauguration of the underground system and ornamental street lighting with the incident removal of poles and overhead lines has resulted in a marked improvement in these localities, electrically and otherwise.

While underground service is appreciated generally, it is involving your Company in large capital outlay for cables and accessories, so much so it is quite apparent to your Directors the system cannot be extended by the civic authorities beyond the congested commercial districts of the city without some compensating increase in rates to take care of added costs of this class of service.

It will be necessary during the coming year to make the usual extensions to both Gas and Electric distributing systems to meet the demand for service in the newer sections of the city and suburbs.

REDUCTION IN RATES

Pursuant to the Company's adopted policy of sharing its prosperity with its consumers, your Directors are again privileged to announce a revision and reduction in both Electric and Gas rates effective from July next meter readings, as follows:—

Electric Rates—The present net rate for Incandescent Electric Service is 6 cents per K.W.H.; the new net rate will be 5 cents per K.W.H. on usual 5-year contracts, being a reduction of 16-2-3%.

Gas Rates—The past method of charging for Gas has militated against its general use for domestic as well as manufacturing and industrial purposes and has, consequently, tended to so restrict the sales that the public have not derived the benefit in reduced costs that must come with an increased average consumption per consumer; therefore, in order to encourage the more general use of Gas for domestic as well as manufacturing and industrial purposes, your Directors have decided to adopted a schedule of rates in net figures, as follows:—

First	7,000 cu. ft. per month	—85c.	per M.
Next	13,000	“	“ —75c. “
“	80,000	“	“ —65c. “
“	100,000	“	“ —60c. “
Excess	“	“	—55c. “

Dual Services—In addition to the above concessions and to further encourage the use of Gas there

will be an extra rebate of 5c. per M cubic feet **on Gas Supply** to domestic customers using Dual Gas and Electric Service at one premises. This further concession is made possible on account of reduced cost to the Company in serving Dual Gas and Electric Service as contrasted with Single Gas or Electric Service and will be more clearly apparent to both shareholders and consumers if regard is had to the Company's standard advertisement:—

“Avoid Unnecessary Traffic

In the Home”

*Dual Service—
Gas & Electric*

ONLY ONE

{ METER READER
ACCOUNT
PAYMENT

When you take both GAS and ELECTRIC Service from

“Evitez D’Inutiles Allées et

Venues Chez Vous”

*Service Double—
Gaz & Electricité*

UN SEUL préposé à la lecture des compteurs
UNE SEULE facture à recevoir
UN SEUL paiement à faire

En vous servant du GAZ et de l'ELECTRICITÉ de la compagnie

THE MONTREAL LIGHT, HEAT & POWER COMPANY

We have calculated the difference in cost of Dual vs. Single Service and the differential in favour of the Dual Service, as noted, represents without discrimination approximately the saving effected on average gas usage per consumer.

These reductions together it is estimated will represent a saving to the Gas and Electric consuming public of not less than \$300,000.00 per year, as verified by our Auditors, Messrs. P. S. Ross & Sons.

PROPERTIES AND PLANTS

The properties and plants of the Company and its various Subsidiary Companies 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, \$379,365.87, which, with the appropriation for Depreciation and Renewal Reserve as noted, represents a total expenditure and provision in this connection of \$1,054,365.87 for the year.

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

During the year there have been many appeals for patriotic and national purposes and your Directors have felt it a duty to subscribe liberally, amongst others, to the Canadian Patriotic, Red Cross and Recruiting Funds as well as to the Canadian War Loan.

In conclusion your Directors take advantage of the opportunity to express their appreciation of the fidelity and efficiency of the Officers and other Employees of the Company, whose efforts have done much to enhance the value of the Company's service in the interests of shareholders and public alike.

Respectfully submitted on behalf of the Directors,

H. S. HOLT, President.

Montreal, May 22nd, 1916.

The Montreal Light, Heat & Power Company

GENERAL BALANCE SHEET

APRIL 30TH, 1916

ASSETS

Stocks, Bonds, etc.	\$23,810,360.73	
Construction.	13,330,383.50	
	<hr/>	\$37,140,744.23

CURRENT ASSETS

Investment Securities.	\$ 64,119.71	
War Loan.	100,000.00	
Bonds in Treasury.	712,000.00	
Accounts Collectible	836,549.35	
Stores, Gas Stoves, etc.	139,011.82	
Coal, Coke, Tar, etc.	224,405.42	
Cash on Hand and in Bank. . .	2,267,041.95	
	<hr/>	4,343,128.25

\$41,483,872.48

Verified,
P. S. ROSS & SONS,
Chartered Accountants.

The Montreal Light, Heat & Power Company

GENERAL BALANCE SHEET

APRIL 30TH, 1916

LIABILITIES

Capital Stock	\$18,709,400.00	
do (Employees)	68,866.08	
	<u> </u>	\$18,778,266.08
Bonds:—		
4½'s	7,013,000.00	
5's	3,139,000.00	10,152,000.00
Subsidiary Companies' Sinking Funds	527,303.46	
Insurance Reserve	300,000.00	
Contingent Reserve	377,926.38	
Depreciation & Renewal Reserve	3,586,353.51	
Officers and Employees Pension Fund	78,506.22	
	<u> </u>	\$33,800,355.65

CURRENT LIABILITIES

Accounts Payable	\$281,729.54	
Customers' Deposits	72,643.99	
Accrued Interest on Bonds	114,202.55	
General Suspense Account	620,556.84	
Dividends Unclaimed	10,302.13	
Dividend Payable May 15th, 1916	467,735.00	
War Tax, 1915	\$169,344.04	
War Tax, 1916	204,729.91	374,073.95
	<u> </u>	1,941,244.00
Surplus Account		5,742,272.83
		<u> </u>
		<u>\$41,483,872.48</u>

Certified Correct,
H. R. LYONS,
Comptroller.

MONTREAL, May 22nd, 1916.

To the President and Directors of

The Montreal Light, Heat & Power Co.

Montreal.

Gentlemen:—

We beg to report having audited the financial transactions of your Company, for the year ended 30th April, 1916, 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.

Respectfully submitted,

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

Chartered Accountants.

