



121st Annual Report FOR THE YEAR ENDED SEPTEMBER 30, 1969

THE  
**Consumers' Gas**  
COMPANY

*[A faint, horizontal, handwritten signature is written across the bottom of the Consumers' Gas logo.]*



*Lake Huron*

*Georgian Bay*

  
**Consumers' Gas**  
 AND SUBSIDIARIES  
**SERVICE AREA**

-  SERVICE AREA CONSUMERS' GAS SYSTEM
-  OFFSHORE EXPLORATION ACREAGE
-  WESTERN GAS FIELDS (INSERT MAP)
-  TRANS-CANADA PIPE LINES
-  GREAT LAKES GAS TRANSMISSION COMPANY
-  UNION GAS COMPANY TRANSMISSION FACILITIES
-  UNDERGROUND STORAGE

PENETANGUISHENE  
 MIDLAND  
 PORT McNICHOL  
 ELMVALE  
 COLLINGWOOD  
 STAYNER  
 CAMP BORDEN  
 ALLSTON  
 SHELBURN  
 BEETON  
 BRADFORD  
 NEWMAR  
 JACKSON  
 POI  
 SUT  
 KESWICK  
 TOTTENHAM  
 AURORA  
 UNIONVILLE  
 MARKH  
 ORANGEVILLE  
 SCHOMBERG  
 RICHMOND HILL  
 BOLTON  
 WOODBRIDGE  
 BRAMPTON  
 MISSISSAUGA  
 METROPOLITA  
 TORONTO

**Consumers' Gas**

STREETSVILLE

PORT CRE

GRIMSBY GRIMSBY

ST. CAT BEAMSVILLE THORO

**Provincial Gas**

WELLAND

PORT COLBORNE

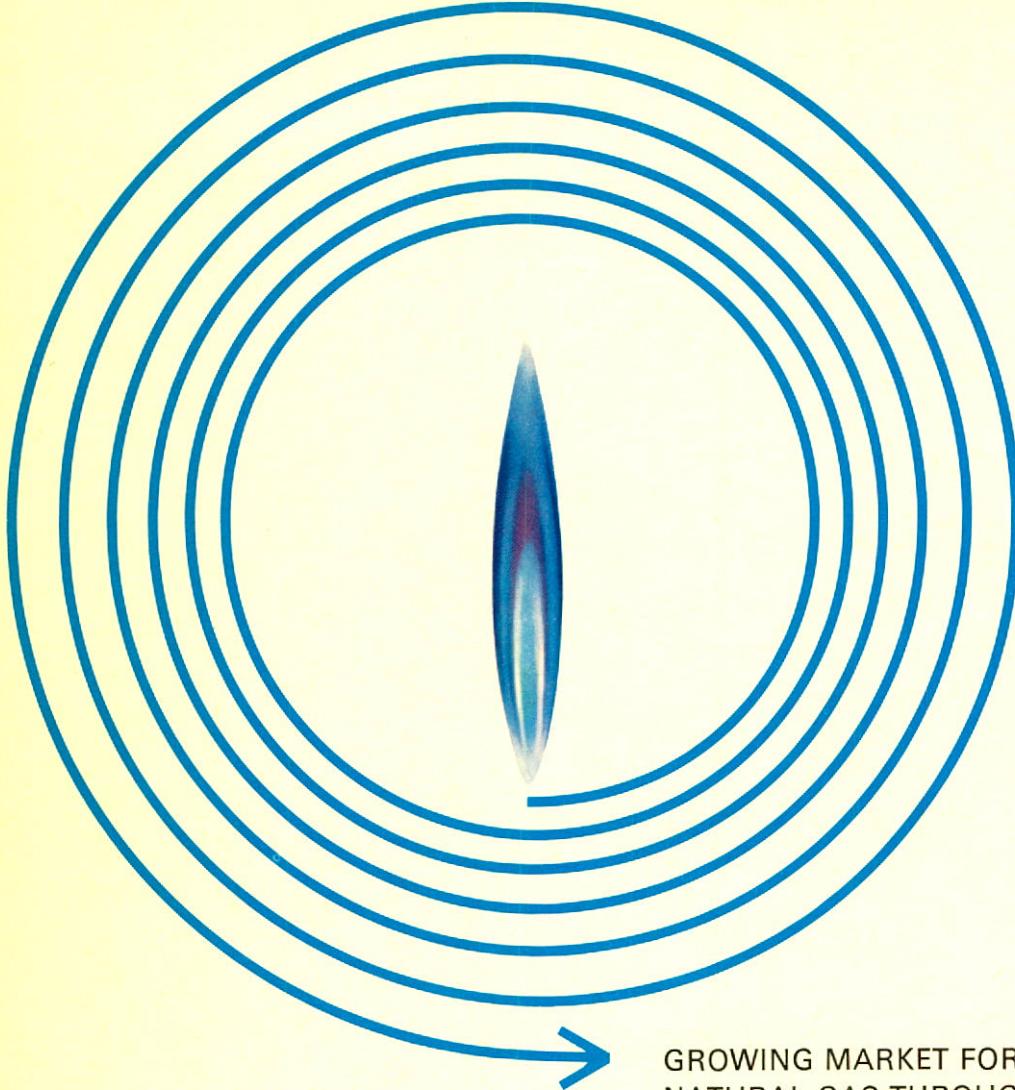
TECUMSEH GAS  
STORAGE

UNION GAS  
STORAGE

*Lake Erie*

W

U.S.A



### **GROWING MARKET FOR NATURAL GAS THROUGHOUT THE CONSUMERS' GAS SYSTEM**

Each year natural gas sales continue to rise. In 10 years, from 1959 to 1969 sales have increased more than four times, reaching a total of \$130 million this year. Approximately one half of the total market has been represented by sales to the residential or home market. The commercial market which includes apartment buildings, is moving ahead rapidly, as increasing population and rising land costs have made high density living a necessity. Industrial development, highly diversified in the area served by Consumers' Gas, reflects the general increase in industrial activity, plus broader utilization for processing along with the steadily growing acceptance by industry for heating, water heating and air-conditioning.

Impetus to growing demand for natural gas is accelerated by the current wave of anti-pollution publicity and resulting measures being instituted by communities. Clean burning natural gas is favoured in helping to meet the anti-pollution requirements of commercial and industrial installations.

Because of its many advantages, the demand for natural gas is expected to continue and expand, as more customers are added and present customers continue the trend toward using natural gas more extensively in home, business and industry.



May 12, 1969

TO OUR SHAREHOLDERS

**CONSOLIDATED INTERIM REPORT**

March 31, 1969 (Note 1)  
(unaudited)

| REVENUE  | 6 Months Ended       |                      | 12 Months Ended      |                      |
|--|----------------------|----------------------|----------------------|----------------------|
|  | March 31, 1969       | March 31, 1968       | March 31, 1969       | March 31, 1968       |
| Gas sales . . . . .  | \$ 85,000,000        | \$ 78,720,000        | \$123,653,000        | \$116,652,000        |
| Other operating revenue (including<br>appliance rentals) . . . . .   | 3,192,000            | 2,800,000            | 6,055,000            | 5,314,000            |
| Interest and other income (including<br>merchandise finance plan) and<br>property rentals (Note 2) . . . . . | 1,539,000            | 1,466,000            | 3,441,000            | 2,932,000            |
|  | <u>89,731,000</u>    | <u>82,986,000</u>    | <u>133,149,000</u>   | <u>124,898,000</u>   |
| <b>COSTS AND EXPENSES</b>  |                      |                      |                      |                      |
| Operation and maintenance costs . . .  | 55,297,000           | 49,551,000           | 86,311,000           | 79,395,000           |
| Depreciation . . . . .   | 4,869,000            | 4,126,000            | 9,189,000            | 8,152,000            |
| Municipal and other taxes . . . . .  | 1,621,000            | 1,455,000            | 3,125,000            | 2,868,000            |
| Interest and other deductions . . . . .  | 5,569,000            | 4,423,000            | 10,224,000           | 8,690,000            |
|  | <u>67,356,000</u>    | <u>59,555,000</u>    | <u>108,849,000</u>   | <u>99,105,000</u>    |
| Income before income taxes . . . . .   | 22,375,000           | 23,431,000           | 24,300,000           | 25,793,000           |
| Income taxes . . . . .   | 8,666,000            | 9,780,000            | 6,597,000            | 8,244,000            |
| Net income (Note 3) . . . . .  | <u>\$ 13,709,000</u> | <u>\$ 13,651,000</u> | <u>\$ 17,703,000</u> | <u>\$ 17,549,000</u> |
| Earnings per common share<br>(Note 4) . . . . .  | <u>76¢</u>           | <u>75¢</u>           | <u>96¢</u>           | <u>95¢</u>           |
| Number of active customers<br>(end of period) . . . . .  | 383,532              | 369,204              | 383,532              | 369,204              |
| Maximum daily sendout—Mcf. . . . .   | 733,300              | 719,152              | 733,300              | 719,152              |
| Degree day deficiency<br>(Toronto area) (Note 5) . . . . .   | 5,623                | 5,855                | 6,679                | 7,133                |

**Note 1:** The information provided above for the six months ended March 31, 1969 and the twelve months ended March 31, 1969 is unaudited and, due to the weather sensitive nature of much of the Company's business, should not necessarily be taken as indicative of the results for the full fiscal year.

**Note 2:** Other income for the twelve months ended March 31, 1969 includes the April 1, 1968 dividend received from Tecumseh Gas Storage in the amount of \$240,000. Consumers' 50% share of the undistributed earnings of Tecumseh to March 31, 1969, the end of its latest fiscal year, amounting to \$1,231,349 has not been taken into the Company's accounts.

**Note 3:** Gas sales revenue has been adjusted to offset the effects on gas purchases of an abnormal cold spell during the last 15 days of March 1969. The increase in net earnings resulting from this adjustment is \$350,000.

**Note 4:** Earnings per share are calculated on 17,461,620 shares, as at March 31, 1968 and on 17,465,612 shares as at March 31, 1969. In April 1969, 334,000 common shares were issued, being the final consideration payable for shares of a subsidiary company. These shares are not included in the number of shares outstanding as at March 31, 1969.

**Note 5:** Degree day deficiency figures given are those for the Toronto area. The deficiency is a measure of coldness during the heating season and is calculated by adding together the total number of degrees by which the daily mean fell below 65° on those days it did so.

(Continued)

# Spotlight on Growth

**in Communications** the ever-increasing demand for faster data processing to keep pace with the communications demands of industry is exemplified by the new Bell Telephone Data Centre in Don Mills. Natural gas supplies the heating needs of this modern building and meets the cooking and water heating requirements as well.

**in Industry** growing markets create the need for plant extensions by Carling Breweries, new plants like Coutts Hallmark Cards, and the development of industrial plazas such as Rubin Corporation . . . and the continued growth in the use of natural gas for industrial heating, water heating and processing.

**in Hotels** the expansion of the Skyline Hotel in Toronto and the recently completed Sherway Inn answer the demands for accommodation, dining and convention facilities in keeping with a fast-moving business world and recreation-minded people on the move.

**in Hospitals** new concepts of medical care and pressing needs for extended facilities required by phenomenal increases in population are being met by construction such as the new York Finch General Hospital which will receive its first patients this October. Heating, process steam and other vital service needs are provided by natural gas.

**in a Commercial Complex** like the Place de Ville in Ottawa a 26 storey hotel, 25 storey office tower and 6 floors of underground parking illustrates an important trend which is shaping the business and social life of our times. Phase II of this complex which includes a twin 45 storey tower with theatre, restaurants, pedestrian mall and parking is now under way.

**in Apartments** high-rise buildings answer the demands for bachelor, 1 and 2-bedroom accommodation to meet a wide variety of family needs. Graydon Hall Estates with its 1490 suites is typical of such dynamic development throughout Consumers' area.

**in Town Houses** an increasing number of up-and-coming young families are accommodated with housing facilities and attractive benefits ideally suited to today's economic demands and better living requirements. Bayview Mews town houses is one of many where natural gas is used extensively.

**in Housing** such as Denlow Estates subdivision single family homes in the \$60,000 to \$80,000 bracket meet the urgent demand for higher priced single family dwellings. This Don Mills community of fine houses features natural gas as a major attraction to buyers.

**in Education** the swelling number of primary and secondary schools, universities and colleges now being built offer educational facilities in keeping with a society eager for the best that can be had. Located in Welland, the Niagara College of Applied Arts and Technology is answering the vital needs of the Niagara Peninsula community for higher education.

**in all Community Development** natural gas is at work, an active partner in the progress and growth, so evident everywhere we look.

Throughout the entire area served by Consumers' Gas there is evidence of continued dynamic growth in every phase of community development. Such participation reflects favourably on your company's operation now, and will continue to do so in the future. Here are only a few examples spotlighting how your company is contributing to and sharing in this progress.



Apart

(Continued)

**TO OUR SHAREHOLDERS:**

For the six months ended March 31, 1969 and also for the twelve months ended March 31, 1969, gas sales revenues showed substantial increases over the previous periods. The strong influence that warm weather has on home heating gas sales revenues is shown in the residential category which is approximately the same in the current year as in the previous year, despite an increase of 13,218 in the number of residential customers.

Weather for the six months ended March 31, 1969 was approximately 4% warmer than the same period last year.

Commercial and industrial sales, which are not proportionately affected so greatly by weather variations, continue the rapid rate of growth of the past several years. The reduced demand per residential customer because of the warmer weather also allowed certain redirection of gas sales from residential to commercial and industrial customers.

Total customers have increased by 14,328 at March 31st this year over last year.

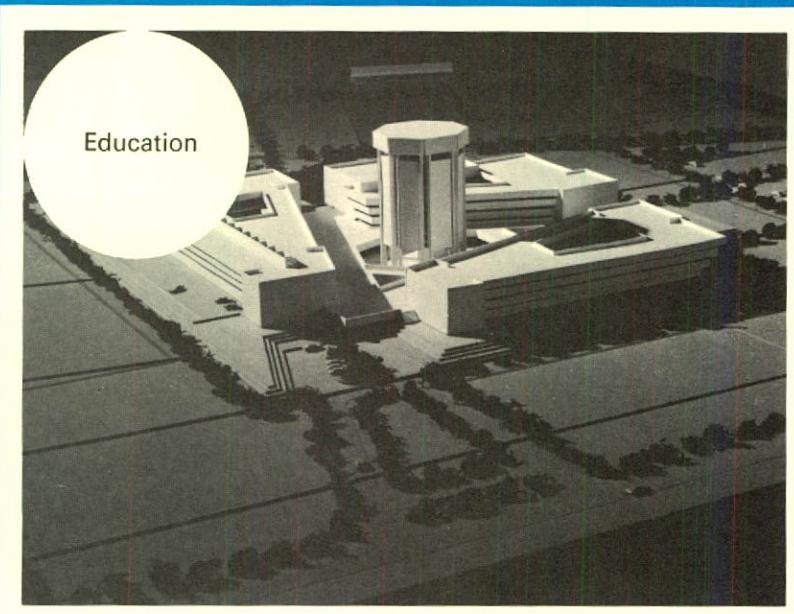
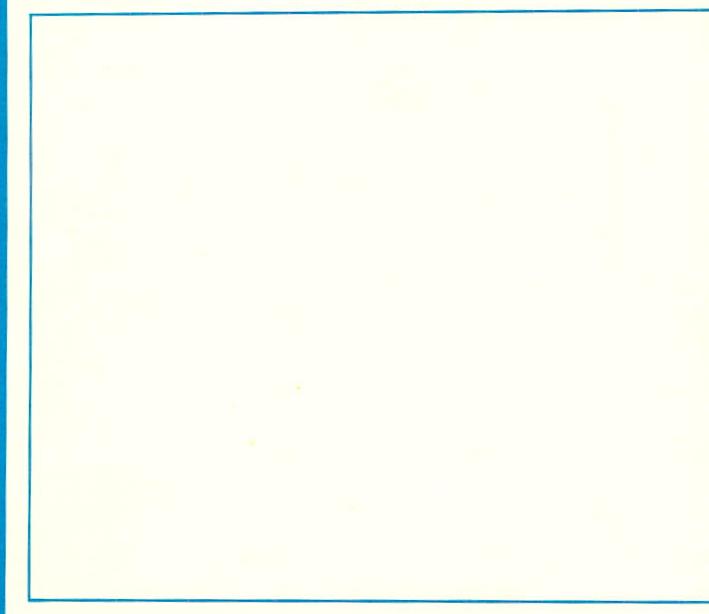
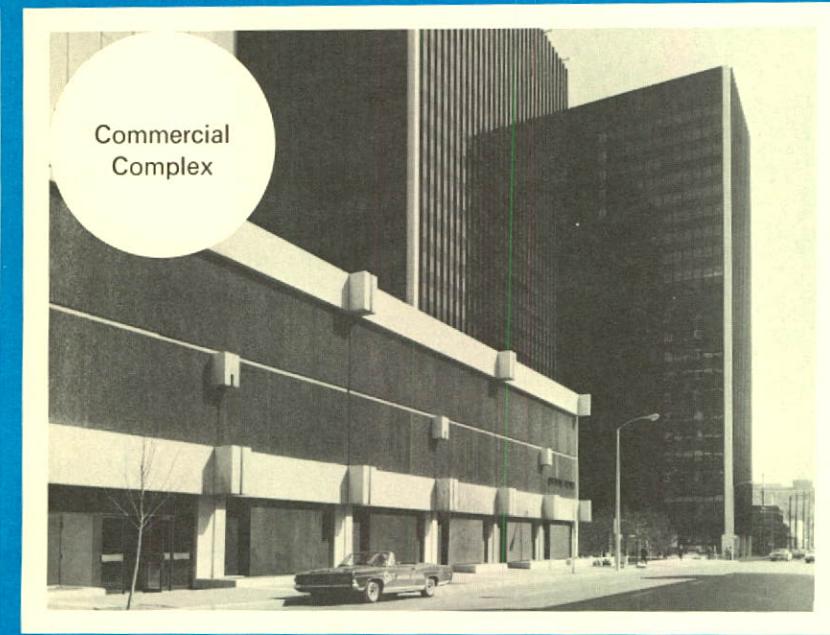
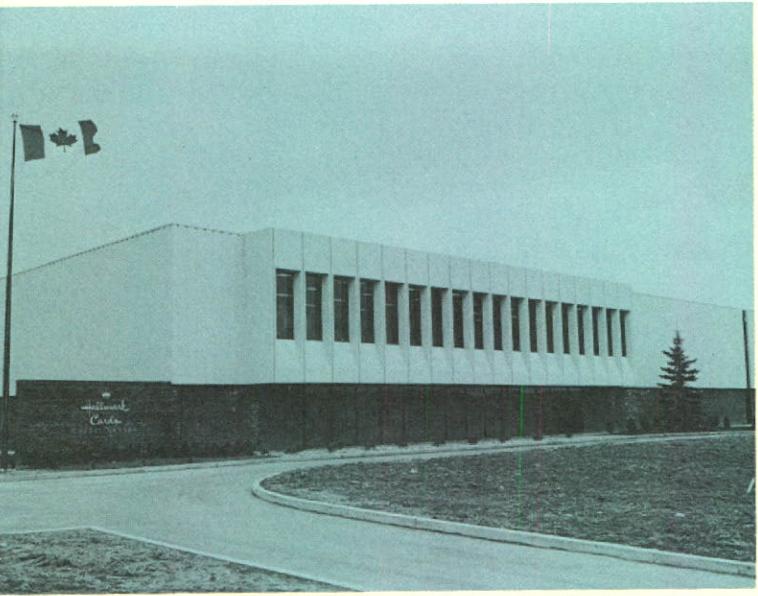
|   | Revenue        |                |          |                 |                |          |
|---|----------------|----------------|----------|-----------------|----------------|----------|
|   | 6 Months Ended |                |          | 12 Months Ended |                |          |
|   | March 31, 1969 | March 31, 1968 | Increase | March 31, 1969  | March 31, 1968 | Increase |
| Residential                                 | \$42,781,000   | \$42,661,000   | —        | \$ 58,979,000   | \$ 59,116,000  | —        |
| Commercial                                  | 22,771,000     | 19,130,000     | 19%      | 31,173,000      | 27,185,000     | 15%      |
| Industrial                                  | 19,448,000     | 16,929,000     | 15%      | 31,501,000      | 30,351,000     | 4%       |
|   | \$85,000,000   | \$78,720,000   | 8%       | \$123,653,000   | \$116,652,000  | 6%       |
| Volumes (Mcf)                               |                |                |          |                 |                |          |
|   | 6 Months Ended |                |          | 12 Months Ended |                |          |
|   | March 31, 1969 | March 31, 1968 | Increase | March 31, 1968  | March 31, 1968 | Increase |
|   | 33,938,900     | 34,019,000     | —        | 46,246,000      | 46,614,000     | (—1%)    |
| Residential                                 | 26,119,300     | 20,713,000     | 26%      | 35,520,100      | 29,321,000     | 22%      |
| Commercial                                  | 29,316,700     | 25,248,000     | 17%      | 53,192,600      | 48,287,000     | 10%      |
|   | 89,374,900     | 79,980,000     | 12%      | 134,958,700     | 124,222,000    | 9%       |
| Average use per<br>residential customer—Mcf | 95.4           | 100.1          |          | 132.1           | 138.8          |          |

Other operating revenues, consisting primarily of rental income from appliances under the "Gulfstream" program, increased by 14%.

Your Company's operation and maintenance costs, municipal and other taxes, show material increases both in the six month and the 12 month periods. The increase in operation and maintenance costs is primarily due to an increase of \$5,000,000 in gas costs because of the larger volumes sold but also including \$2,000,000 resulting from the expiration on November 1, 1968 of our special agreement with Trans-Canada Pipe Lines Limited for a lower rate for industrial sales during the period November 1, 1958 to November 1, 1968. Wages, salaries and fringe benefits increased by \$768,000 in the six months period and \$1,403,000 in the twelve month period as a result of the negotiated contracts with our unions. Despite the efforts of governments, particularly Ontario, to control the rising levels of expenditures, your Company is being called on to pay additional taxes at all three levels—federal, provincial and municipal. We share the concern expressed by the manufacturing industry across Canada that governments must seek to resist the demands of the public for ever-increasing levels of public service or reduce operating costs rather than increasing taxes. Your Company and its employees continue actively to seek more efficient ways of doing work or eliminating expenditures.

The decrease in income tax expense from comparable periods the year before of \$1,114,000 for the six months ended March 31, 1969 and of \$1,647,000 for the twelve months ended March 31, 1969 is due in part to the reduction in income before taxes, in part to deductions allowable for an increased exploration and development programme, and in part to capital cost allowances relating to capital expenditure increases.

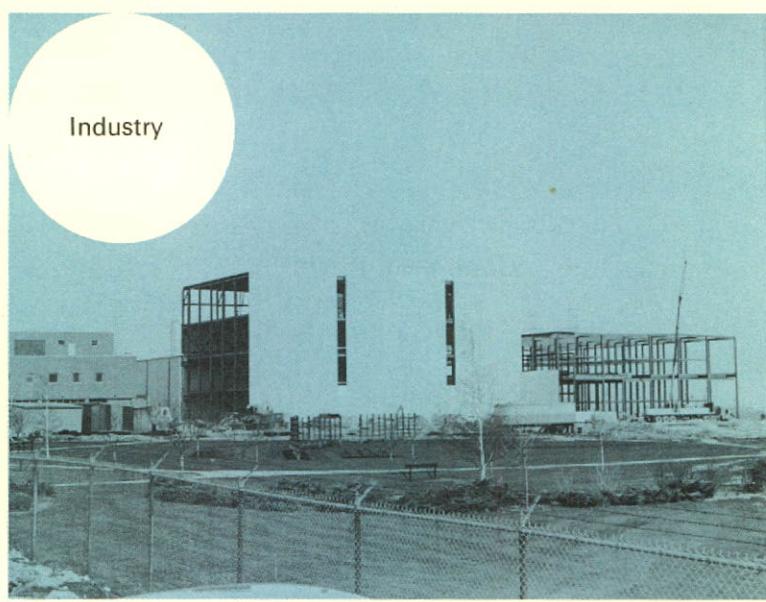
The Company intends to continue its exploration program in Lake Erie, on acreage in the eastern end of the lake solely held by Consumers', and in the north central portion of the lake, jointly held with Pan American Petroleum Corporation. Results to date are encouraging and we are confident of a satisfactory return on our investment. Because of the increasing integration of the marine drilling firm Underwater Gas Developers Limited into our exploration program in Lake Erie, Consumers' has purchased, at a cost of approximately \$500,000 the remaining 49% interest in Underwater, making it now a 100% owned subsidiary.



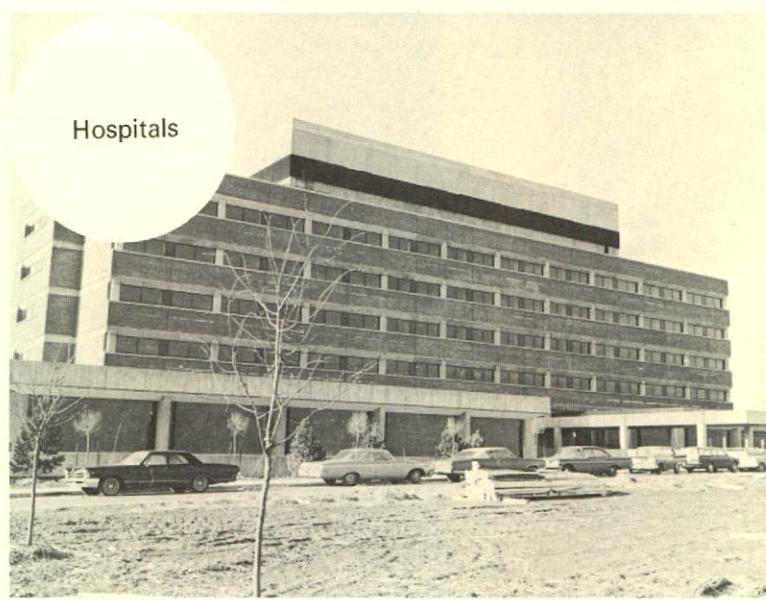
Communications



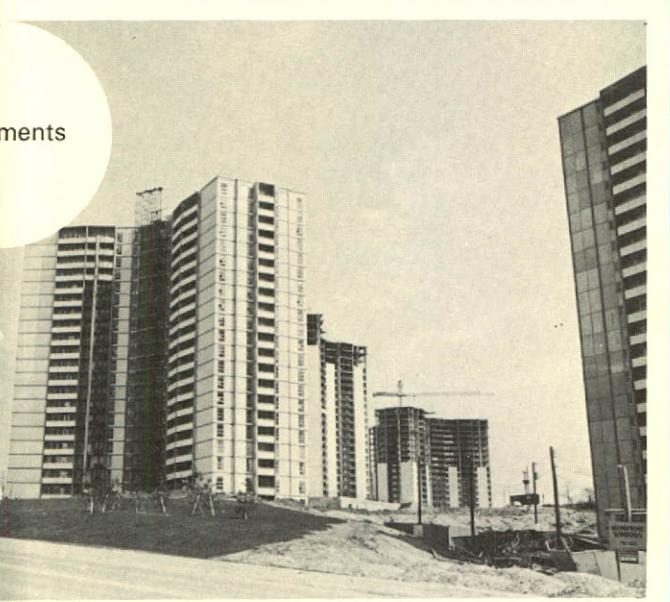
Industry



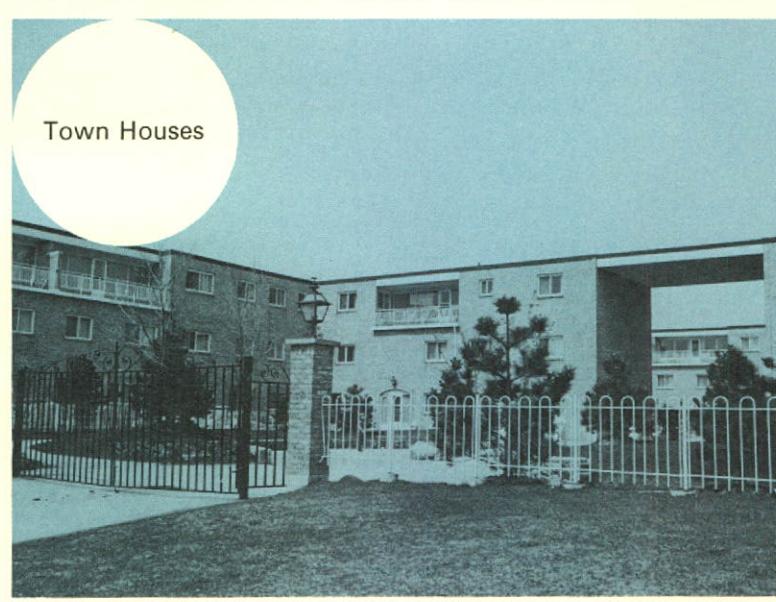
Hospitals



ments



Town Houses



Early in the year natural gas mains were extended to the town of Campbellford, Ontario.

Your Company recently purchased 50 acres of serviced industrial land in Whitby, Ontario on part of which it intends to build office, warehousing, and service facilities for the East Central Area encompassing Oshawa, Whitby, Ajax, Pickering, Bowmanville, Lindsay, Peterborough and several other communities. Completion of these facilities is expected within one year. Additional offices, customer service and salesrooms will be retained in Oshawa, Lindsay and Peterborough.

St. Lawrence Gas Company, Inc. our wholly owned subsidiary in northern New York State received approval to increase its rates in that area effective November 25, 1968. The resulting increase is equivalent to approximately \$130,000 for the current fiscal year. Tecumseh Gas Storage Limited, jointly owned by the Company and Imperial Oil Limited, has received approval from the Ontario Energy Board to reduce its rates for storage service by approximately 10% effective April 1, 1969. This will reduce storage costs to the Company by about \$275,000 in the ensuing year.

In February 1969 your Company successfully completed a public issue of \$60,000,000 5½% Convertible Sinking Fund Debentures. These debentures are convertible on a basis of 42½ common shares for each \$1,000 principal amount of debentures, or a conversion price of \$23.53 per common share. With such issues, it is normal in early years for little conversion to take place and none has occurred. The major part of the proceeds from this issue was used to repay bank loans and other short term indebtedness which had been incurred to finance normal expansion throughout our service areas. Approximately \$3,000,000 was added to the working capital of the Company. The savings from a lower interest rate which will amount to over \$8,000,000 to the end of the conversion period, and the higher amounts raised under this convertible issue offsetting only a 6% dilution of earnings per common share for a full year assuming conversion, has made this issue a most attractive one. No further financing is contemplated at this time.

On February 11, 1969, Union Gas Company of Canada, Limited announced the termination of merger discussions lasting over a year with your Company. Consumers' believes that such a merger would have been beneficial to the customers, investors of both companies and the general public. Your Company continues to own 700,000 common shares of Union Gas. In December 1968 the National Energy Board denied the application of Union Gas to import additional quantities of gas from Panhandle Eastern Pipe Line Company, which application your Company had been supporting.

Your Company and the community suffered the loss, through death, of Mr. J. William Horsey, who had served on the Board of Directors for the past four years. Mr. G. E. Creber, Q.C., who has served on the Board since 1958 resigned April 14, 1969 because of new business commitments. We are grateful for the many contributions that these men made to the Company's progress and well being.

We are pleased to welcome to the Board, Mr. David B. Mansur, C.B.E., President of Kinross Mortgage Corporation and Mr. Anthony G. S. Griffin, President of Triarch Corporation Limited. Their wide knowledge of financial and public affairs will be of great benefit to the Company.

Consumers' operations in Metropolitan Toronto and the immediately surrounding areas including Mississauga, Brampton, Richmond Hill and Newmarket have been included in a new unified operational region to further improve service to our customers. Mr. J. C. McCarthy, Vice-President, formerly General Sales Manager, has been appointed Vice-President and Regional Manager for this new central region. Mr. W. M. Kelly, formerly Vice-President and General Superintendent of Distribution, has been appointed Vice-President and Director of Marketing. Mr. G. W. Carpenter, formerly Vice-President and General Superintendent of Gas Supply, has been appointed Vice-President and Director of Operations. These and other departmental changes are part of the Company's continued policy for management training and development although appointments were delayed during the Union Gas merger discussions this past year.

Your Company expects its capital expenditures for the 1969 fiscal year to amount to approximately \$32,000,000.



OAKAH L JONES  
Chairman of the Board and President

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## 121st ANNUAL REPORT

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for the year ended September 30, 1969

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The Consumers' Gas Company • 19 Toronto Street • Toronto

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**Serving customers in**

Central Ontario – through **Consumers' Gas**

Niagara Peninsula – through **Provincial Gas**

Grimsby area – through **Grimsby Gas**

Ottawa and Ottawa River Valley area – through **Ottawa Gas**

Brockville – through **Brockville Gas**

Hull, Quebec area – through **Gazifère de Hull**

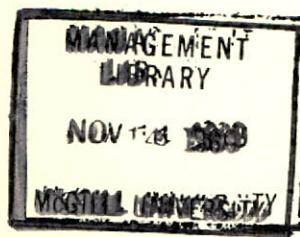
Northern New York State – through **St Lawrence Gas**

**providing underground gas storage in**

Southwestern Ontario – through **Tecumseh Gas Storage**

**and marine drilling services in**

Southwestern Ontario – through **Underwater Gas Developers**



# The Consumers' Gas Company

## Directors

### OAKAH L JONES\*

*Chairman of the Board,  
President and General Manager—  
The Consumers' Gas Company  
Director—Canada Permanent Trust Company  
Director—Boiler Inspection and Insurance Co. of  
Canada  
Director—Rubbermaid (Canada) Limited  
President—The Sheridan Park Corporation*

### J. K. MACDONALD\*

*Chairman of the Board—  
Confederation Life Association  
Director—Dominion Scottish Investment Limited  
Director—Canada Permanent Companies*

### A. R. POYNTZ\*

*Chairman of the Board and Chief Executive Officer—  
The Imperial Life Assurance Company of Canada  
Director—M.E.P.C. Canadian Properties Limited  
Director—Impeo Properties Limited  
Director—Gelco Enterprises Limited  
Director—The Investors Group*

### M. GEARY

*Secretary and Assistant Treasurer—The Consumers'  
Gas Company*

### W. H. ZIMMERMAN, Q.C.

*President—Commonwealth International Corporation  
Limited  
President—Commonwealth International Leverage  
Fund Limited  
Director—The Becker Milk Company Limited  
Director—Scythes and Company Limited*

### HON. T. D'ARCY LEONARD, Q.C.\*

*Director—Canada Permanent Companies  
Director—Canadian Industries Limited*

### W. B. C. BURGOYNE

*President and Publisher—The St. Catharines  
Standard Limited  
President—The Niagara District Broadcasting  
Co. Limited  
Member—St. Catharines Advisory Board, The  
Canada Trust Company  
Director—Canadian General-Tower Limited*

### R. H. CARLEY, Q.C.

*Partner—Carley, Lech & Fitzpatrick  
President—Colonial Weaving Company Limited  
Director—Kesco Holdings Limited*

### NOAH TORNO

*President—Gramercy Holdings Ltd.  
Director—Distillers Corporation-Seagrams Limited  
Director—Cemp Investments (Ontario) Limited  
Director—The Canada Trust Company*

### J. D. GIBSON\*

*Chairman—Canadian Reinsurance Company  
Chairman—Canadian Reassurance Company  
Director—The Imperial Life Assurance Company  
of Canada  
Director—Harding Carpets Limited  
Director—Maple Leaf Mills Limited  
Director—Steel Company of Canada Limited*

### D. B. MANSUR, C.B.E.

*Chairman of the Board, Kinross Mortgage  
Corporation  
Vice-President, Royal Insurance Group  
Director, Guaranty Trust Company*

### A. G. S. GRIFFIN

*President—Triarch Corporation Limited*

### H. E. LANGFORD, Q.C.

*Director—The Dominion of Canada General  
Insurance Company  
Director—Ontario Hospital Association  
Director—George J. McLeod Co. Limited*

### G. D. WORLEY

*Partner—Zimmerman & Winters*

### R. S. PADDON

*Partner—Zimmerman & Winters*

\*Executive Committee

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## Officers and Department Heads

OAKAH L JONES

*Chairman of the Board,  
President and General Manager*

M. GEARY

*Secretary and Assistant Treasurer*

F. W. HURST

*Vice-President, Manager of Finance and  
Assistant Secretary*

J. C. McCARTHY

*Vice-President and Regional Manager*

W. M. KELLY

*Vice-President and Director of Marketing*

G. W. CARPENTER

*Vice-President and Director of Operations*

E. S. HOWARD

*Vice-President and General Manager Provincial  
Gas Operations*

R. L. GOODENOUGH

*Treasurer*

K. J. HARRY

*Comptroller*

J. F. GIBSON

*Assistant Secretary*

L. MASSÉ

*President, Société Gazifère de Hull, Inc.*

D. VIEN

*Vice-President and Secretary, Société Gazifère de  
Hull, Inc.*

H. LAVERGNE

*General Manager, Société Gazifère de Hull, Inc.*

H. J. FRANK

*Chairman of the Board, St. Lawrence Gas Company,  
Inc.*

D. W. LINDSTEDT

*General Manager, Eastern Area and Vice-President  
St. Lawrence Gas Company, Inc.*

W. F. BENSON

*General Manager, St. Lawrence Gas Company, Inc.*

## Ottawa Executive Board

ORIAN LOW, Q.C., Chairman

A. BETCHERMAN

OAKAH L JONES

A. T. LEWIS, Q.C.

R. N. SEGUIN, Q.C.

# 1969 Highlights

**Earnings per Common Share \$1.02**

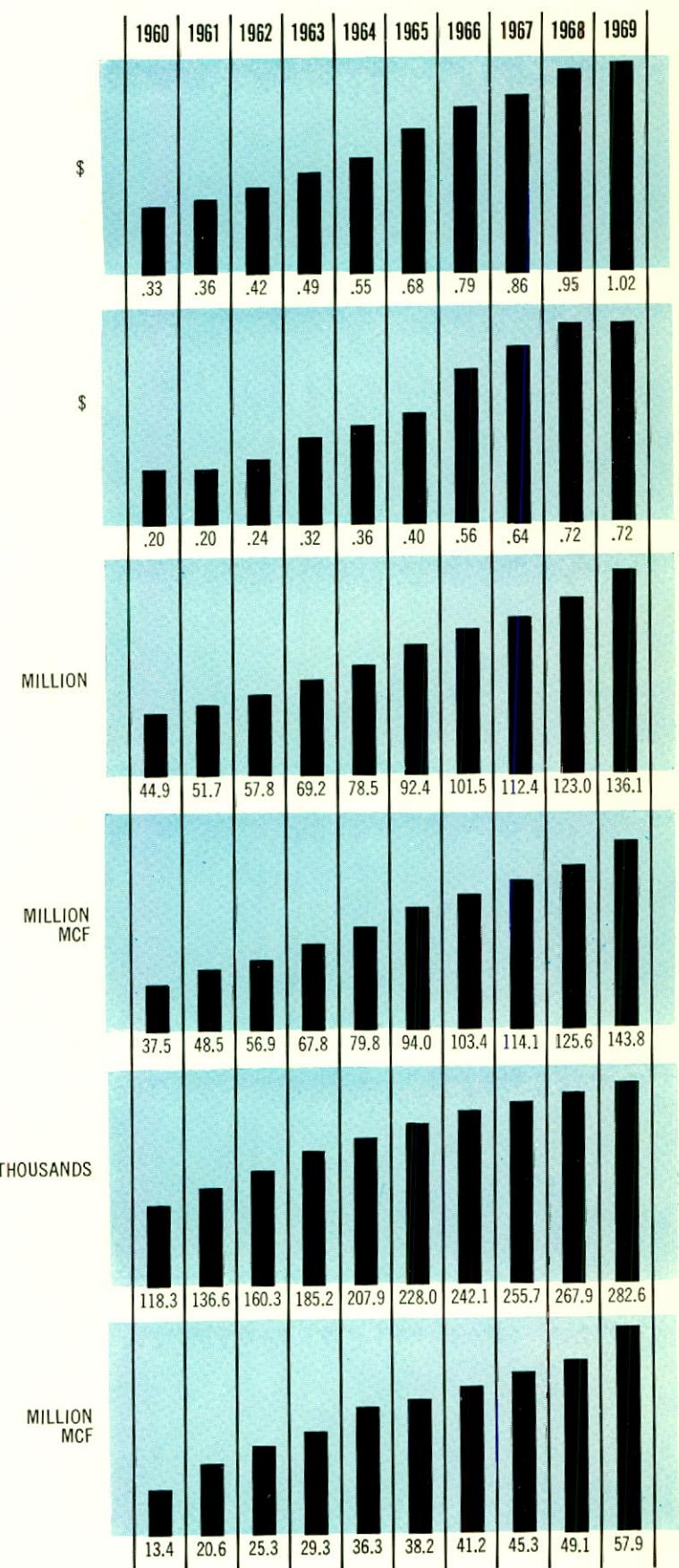
**Current Annual Dividend Rate per Common Share \$ .72**

**Total Operating Revenue \$136,158,000**

**Total Volume of Gas Sales 143,852,000 MCF**

**Total House Heating Installations 282,658**

**Industrial Gas Sales 57,939,000 MCF**



# Report to the Shareholders and Summary of Operations

## Area Served and Growth

Your Company continued to show satisfactory growth during the 1969 fiscal year. Consolidated earnings per common share increased from 95¢ in 1968 to \$1.02 in 1969.

Throughout all four major geographical regions served by your Company, central Ontario including Metropolitan Toronto, the Niagara Peninsula, the Ottawa Valley, and northern New York State, vigorous economic growth is evident and the financial and statistical statements for this year reflect this vitality. The photographs in the centre of the report show the visible signs of this growth in high-density residential housing, super-highway construction, air, rail, and seaway transportation, science, industry, and population expansion and immigration, all of which give your Company's service area one of the greatest potentials in North America.

Below are highlight statistics comparing 1969 with 1968 and 1955, which was the first full year with natural gas. Statistics for the last 10 years are shown on pages 18 and 19.

|   | 1969         | 1968         | % Increase | First full year with Natural Gas 1955 |
|---|--------------|--------------|------------|---------------------------------------|
| <b>GAS SALES REVENUE</b>                                  |              |              |            |                                       |
| Residential . . . . .                                     | \$59,737,000 | \$58,860,000 | 1          | \$8,475,000                           |
| Commercial . . . . .                                      | \$33,934,000 | \$27,532,000 | 23         | \$1,929,000                           |
| Industrial . . . . .                                      | \$36,086,000 | \$30,982,000 | 16         | \$2,008,000                           |
| <b>GAS SALES—MCF</b>                                      |              |              |            |                                       |
| Residential . . . . .                                     | 46,942,000   | 46,326,000   | 1          | 2,498,000                             |
| Commercial . . . . .                                      | 38,971,000   | 30,114,000   | 29         | 629,000                               |
| Industrial . . . . .                                      | 57,939,000   | 49,124,000   | 18         | 810,000                               |
| <b>NUMBER OF ACTIVE CUSTOMERS (Year End)</b>              |              |              |            |                                       |
| Residential . . . . .                                     | 352,597      | 339,145      | 4          | 148,200                               |
| Commercial . . . . .                                      | 26,342       | 24,503       | 8          | 5,314                                 |
| Industrial . . . . .                                      | 4,630        | 4,178        | 11         | 1,864                                 |
| <b>AVERAGE USE PER RESIDENTIAL CUSTOMER—MCF</b> . . . . . | 132.8        | 135.8        | —2%        | 16.9                                  |
| <b>POPULATION OF AREA SERVED</b> . .                      | 3,765,000    | 3,682,000    | 2          | 1,275,000                             |
| <b>AVERAGE USE PER CAPITA WITHIN AREA SERVED—MCF</b> . .  | 38.2         | 34.1         | 12         | 3.1                                   |
| <b>COST TO CUSTOMERS</b>                                  |              |              |            |                                       |
| <b>AVERAGE REVENUE PER MCF</b>                            |              |              |            |                                       |
| Residential . . . . .                                     | \$1.27       | \$1.27       |            | \$3.39                                |
| Commercial . . . . .                                      | \$ .87       | \$ .91       |            | \$3.07                                |
| Industrial . . . . .                                      | \$ .62       | \$ .63       |            | \$2.48                                |

## Gross Revenues up 11%

Gross revenues, which include gas sales, rental income, investment income, and miscellaneous non-operating income, amounted to \$139,845,000 compared to \$126,405,000 last year, an increase of 11%. The majority of this increase came from additional gas sales, particularly in the commercial and industrial categories, although significant gains were made in other revenues as well.

## Gas Sales up 11%

Total revenues for gas sales increased in 1969 to \$129,757,000 as compared with \$117,374,000 for 1968.

## Residential up 1%

There was an increase in the number of residential customers served of 13,452, together with a net increase of 14,702 new heating installations in the residential category. The growing popularity of natural gas appliances for heating, cooking, water heating, air-conditioning and "outdoor" living, resulted in an increase of \$877,000 despite the weather which was 3% warmer than last year.

The new 'continuous cleaning' oven was introduced this year under the slogan "Want to Clean your Oven—Cook Something." This process enables today's homemaker to clean the oven as she cooks and further contributes to the acceptability of natural gas as a modern fuel.

The demand for home air-conditioning continues to grow, and in 1969 for the second year running your Company won the American Gas Association's award for excellence in promotion and sales of these units.

**Commercial  
up 23%**

The rate of growth in this category of sales, which includes multiple dwelling units such as apartments, government buildings, and many types of commercial-business establishments, has accelerated over the substantial rate of growth achieved last year. This type of development is found in *all* our areas. Natural gas was chosen for approximately 34,000 apartment suites throughout the system, representing a decision for natural gas heating of approximately 80% of those built in our area. D.B.S. statistics for 1968 indicate that over half of all apartment buildings containing over 80 suites built in Canada were built in our service area. Several large new central heating plants were designed to burn natural gas or were converted to natural gas as governments and industry discovered that **NATURAL GAS IS A MAJOR ANSWER TO THE REDUCTION OF AIR POLLUTION.**

**Industrial  
up 16%**

As in the commercial category, an acceleration in the rate of growth over last year's was achieved. Some of the industrial plants using natural gas for the first time this year or increasing its use include: in Metro Toronto—Acme Paper Products, Labatt's Breweries, Philips Electrical Industry; in Niagara Peninsula—Nabisco Foods, Fleet Manufacturing Limited, General Motors of Canada Limited; in Eastern Ontario—Duplate Canada Limited, Northcraft Industries Ltd., Knitted Outerwear Mills, Gilbarco Canada Limited, Richmond Machine Tool & Die Casting Co. Ltd., and Aeritex Yarns Ltd.

**Other Operating  
Revenue  
up 13%**

Other operating revenues for the year ended September 30, 1969 were \$6,401,000 compared with \$5,663,000 in the previous year. The public acceptance of our Rental Appliance Plan for "Lots and Lots and Lots of Hot Water" is responsible for the major part of this increase.

**Other Income  
up 9%**

Dividends received from investment in the Union Gas Company of Canada, Limited and increased dividends from Tecumseh Gas Storage Limited were mainly responsible for this improvement.

**Operation and  
Maintenance Costs  
up 12%**

Our policy of close scrutiny over all controllable costs was continued throughout the year and many money-saving efficiencies were made in offsetting rising costs and inflationary trends. The major part of the increase in operation and maintenance costs is due to larger purchases of gas needed to supply the additional sales. Expenses, other than gas costs, increased less than 4%.

Considerable progress has been made in Customer Service productivity over the past year in field control through the use of mobile radio communications, restructuring of the field supervision staff, and improved dispatching techniques. Similarly, the cost of maintaining the records of our underground piping systems has been reduced through the use of microfilm, which, in addition to reducing costs, enables the Company to provide faster and more accurate service to municipalities and other utilities when they are engaged in construction work near our pipelines.

The Company has continued the introduction of new materials and procedures. The use of plastic pipe for gas mains and services in selected areas has been approved by the Provincial Government Department of Energy and Resources Management. This development, coupled with new techniques for burying pipe through ploughing which eliminate the need for digging trenches, speeds installation, requires fewer pipe connections and has produced savings of up to 50% over the cost of conventional methods.



"Lots and Lots and Lots of Hot Water", theme of our domestic water heater advertising was also featured in the C.N.E. exhibit above.

The design of the gas systems for new towns, and planning of other new facilities make use of the computer programme mentioned in the 1968 Annual Report. This programme has been most effective in producing lower cost system designs and much international interest has been generated by technical papers describing the programme which have been presented by Company personnel.

Your Company recently contracted for an I.B.M. 360/65 computer which is expected to be operational in early 1970. As well as increasing efficiency throughout Company systems, it is expected that excess capacity will be available to outsiders on a rental basis. Management and employees are presently being trained in its applications.

### **Municipal and other Taxes up 26%**

Your Company, like other Ontario corporations, is again being called upon to shoulder additional tax burdens. In April 1969 Section 12 of the Corporation Tax Act of Ontario was repealed, thereby eliminating the place of business Tax, but the tax on capital was increased and an offset against corporate income tax was removed resulting in a new tax payment for Consumers' Gas of \$194,000 for the year. Of particular concern to your Company was the retroactive nature of this tax legislation which did not permit a pro rata apportionment for companies whose fiscal years started prior to March 15, 1969. The result for your Company was the payment of one full year's Capital tax during the last six months of the year. Further, the extension of the 5% Retail Sales Tax to long term rental equipment and production machinery which became effective April 1, 1969 required additional payments of approximately \$52,000. We share the concern expressed by the manufacturing industry in Ontario as to the effect that these amendments to the Ontario tax structure will have on Ontario's competitive position in world markets and the growth of industry in Ontario.

Practically all of the municipalities in our service area have substantially increased assessments and mill rates applicable on our buried pipelines and other structures. Taxes, other than income taxes, paid to provinces and municipalities, amounted to \$3,725,000 compared to \$2,958,000 in 1968, an increase of 26%.

### **Interest Costs up 23%**

Total interest costs increased from \$8,953,000 to \$10,971,000 during the last year due to the greater amount of debt outstanding and generally higher interest rates. Your Company is a large borrower for its necessary capital expenditures and the high interest rates now being experienced cannot be avoided.

### **Income Taxes down 10%**

Provision for income taxes of \$6,909,000 for the year ended September 30, 1969 is less than the \$7,711,000 last year for two main reasons: (i) approximately \$640,000 of the income before income taxes is derived from non-taxable dividends and (ii) deductions taken under income tax regulations because of increased gas and oil exploration and development which, however, were mostly offset in their effect on earnings by the amortization of previously incurred exploration and development costs.

### **Earnings on Common Shares up 7%**

Earnings on common shares were \$17,752,000 or \$1.02 per share, compared with 95¢ per share last year. Dividends were paid quarterly at the rate of 18¢ per common share on the 1st of October, January, April and July.

### **Property, Plant, Equipment and Investments**

Approximately \$33,000,000 was spent on capital additions during the year; \$25,000,000 on natural gas distribution equipment, \$6,000,000 on appliances for rental, \$2,000,000 for miscellaneous capital expenditures.

Your Company held 700,000 common shares of Union Gas Company of Canada, Limited as at September 30, 1969 which were acquired in late September, 1968 at a price of approximately \$18 3/8 per share.

### **Gas Supply, Storage and Exploration**

The past year saw significant developments occur which will have a long term beneficial effect on the gas supply aspects of your Company's operations. Considering that the cost of purchasing and storing sufficient quantities of gas to meet annual requirements accounts for in excess of 60% of the total expenses before income taxes, events in this area continue to be a major factor in the economic health of the Company.

With the completion in October 1968 by TransCanada PipeLines Limited of the Great Lakes Gas Transmission Company's project, substantial additional volumes became available to supply segments of the industrial market. In

addition, it became possible to increase the quantity of gas in storage to meet future winter needs and emergency situations.

The cost of gas purchased under our original contract increased by approximately \$1,500,000 because of the expiration on November 1, 1968 of a special agreement with TransCanada PipeLines Limited which has permitted the purchase of gas at a lower rate for industrial sales during the past 10 years. However, this increase will be offset by the availability of lower priced volumes via Great Lakes and a reduction in the cost of storing gas with Tecumseh Gas Storage Limited. The net result will be a relatively stable unit cost of gas supply.

Efficient utilization of underground storage, primarily by means of the facilities of Tecumseh Gas Storage Limited and previously contracted for Union Gas Storage in southwestern Ontario, continues to be a major factor in minimizing our gas costs. A small company-owned storage pool located near Crowsland in the Niagara Peninsula, because of its proximity to the market area, also provides valuable peak day coverage. During the year 14.1% (20.3 Bcf) of our annual sales requirements and 42.9% (318 MMcf) of our system peak day requirements were withdrawn from underground storage facilities.

The Company continues to make favourable progress in its exploration programme under Lake Erie. On the 100,000 acres at the eastern end of Lake Erie controlled solely by Consumers' Gas, 5 additional productive gas wells were discovered this year bringing to 11 the total of productive wells in this area. It is estimated that recoverable reserves associated with this drilling programme to date amount to 20 billion cubic feet. Actual production to date from this area amounts to 1,146 MMcf of which 545 MMcf was produced during the past year. In addition, exploration is taking place in an area controlled jointly with Amoco consisting of 1,300,000 acres located in the central region of Lake Erie. Results to date in this area are also favourable with discovery of 5 productive wells. Production from this area totalled approximately 138.5 MMcf this year.

All of the drilling activity on the wholly and jointly controlled acreages has been done by Underwater Gas Developers. Because of the increasing integration of this marine drilling firm into our exploration program in Lake Erie, Consumers' has purchased, at a cost of approximately \$170,000, the remaining 49% interest in Underwater, making it now a 100% owned subsidiary. Underwater is also undertaking contract drilling in Lake Erie for other exploration companies.

## Research and Development

Your Company is continuing its Research and Development effort through support of projects at the Canadian Gas Association (CGA), The Ontario Research Foundation (ORF) and at the Institute of Gas Technology (IGT) in Chicago. The work at CGA and ORF is geared towards testing and proving new concepts, and improving gas fired appliances.

A major effort being co-sponsored by Consumers' Gas at IGT with several U.S. gas utilities is the development of the Munters Environmental Control system for total climate control in the home. The project objective is to have a highly competitive, compact, gas fired appliance on the market by 1972 that will provide heating, cooling, humidification, dehumidification and air cleaning for the home, all in one package. Your Company has the right of first refusal in Canada for manufacturing the unit when developed.

With garbage disposal and air pollution looming as significant social problems, your Company is investigating several prototype natural gas fuelled incineration processes that appear to hold promise for garbage disposal. Reclamation of the various constituents in the incinerated residue is being considered. Effluent from the process will be well within regulatory pollution limits.

## Financing and Capitalization

Your Company completed a successful major financing in February, 1969, of \$60,000,000 5½% Convertible Sinking Fund Debentures. These debentures are convertible at the holder's option into common shares of the Company up to February 1, 1979 on the basis of 42½ common shares for each \$1,000 principal amount of debentures. The proceeds of this issue, amounting to \$58,740,000 were used to repay bank loans which amounted to \$55,950,000 at time of issue, and the balance was added to working capital.

Again, for the tenth consecutive year, an increase was recorded in the number of common shareholders. As at September 10, 1969, there were 26,526 common shareholders and 2,116 preferred shareholders of which 97.5% were residents of Canada. Of our common shareholders, 36% own less than 100 shares each, 54% own between 100 and 1,000 shares, and 10% own over 1,000 shares.

With the continuing growth of your Company and the constantly changing conditions in the money markets of Canada, the United States and the world, it has been apparent to your Company's management and directors for some

time that changes in capitalization were necessary to provide for your Company's needs. In addition, a new need for change arose with the possibility of an offer being made to acquire additional common shares in Union Gas. At a General Meeting of Shareholders held October 14, 1969, changes were made in the Company's capitalization as follows: (i) the existing preference shares totalling about 180,000 shares were additionally designated as Group 1 Preference Shares, (ii) a second group of Preference Shares with \$100 par value were created, to be designated as Group 2, which will be held available for future use as needed, (iii) a further group of Preference Shares, par value \$14, were created for use with the offer to Union Gas Shareholders, Group 3 with par value of \$14 and (iv) the number of no par value common shares authorized was increased to 75,000,000 shares to reserve nearly 10 million shares that could be issued on conversion of debentures and on exercise of warrants and to provide for further growth.

### **Union Gas— Offer For Common Shares**

On September 26, 1969, your Company announced that it would make an offer to acquire at least 67% of the common shares of the Union Gas Company of Canada, Limited, from holders other than residents of the United States under the following terms:

For each Union Gas common share

One \$14 par value, 6½% cumulative convertible preference share of Consumers' Gas. Each of these convertible preference shares may be converted into common shares of Consumers' Gas at any time for a period of 15 years by applying a conversion price of \$23.53 of par value of the preference shares for each common share. The preference shares will be non-redeemable for 10 years, subject to provisions permitting statutory merger or like action.

Plus

One-half of one warrant. Each full warrant will entitle the holder to purchase one Consumers' Gas common share at a price of \$23.53 per share. Warrants will be exercisable for 15 years and will remain attached to the preference shares for a period of not more than one year.

Plus

Cash of \$4.00

Subsequently, the Board of Directors of Union Gas requested that the offer be extended to include *all* the common shares of Union Gas rather than the 67% of the shares as previously proposed.

On October 7, 1969, the Board of Directors of your Company announced that the offer would be extended to include *all* the common shares of Union Gas on the same terms except that the cash would be reduced from \$4 to \$3 per share. The formal offer was made to the Union Gas common shareholders on October 15, 1969 on this amended basis. On October 17, 1969, the Union Gas Directors recommended that Union Gas shareholders accept the offer in its revised form.

On October 22, 1969 the Government of the Province of Ontario announced its intention to finalize legislation which would require a public hearing by the Ontario Energy Board and subsequent approval by the Lieutenant Governor in Council on any offer by a gas utility to purchase shares of another gas utility when the shares, for which the offer is being made, would exceed, with shares already held, 50% (subsequently changed to 20%) of the shares of any class. The enabling legislation was passed on October 31, 1969 retroactive to October 22, 1969 and a public hearing has now been set for November 24, 1969. Accordingly, the expiration date of the offer to Union Gas shareholders, originally set as November 14th has been extended to December 15th as authorized in the "Terms of Offer" to the holders of common shares of Union Gas and the right of withdrawal period to December 2, 1969.

In my letter to shareholders dated October 15, 1969 the advantages of a consolidated operation were given in detail. In the opinion of your directors, officers and consultants, these advantages include: (i) the complementary nature of the markets served by the two companies, including the heavy industrial potential of Hamilton, Sarnia and the new steel complex on the north shore of Lake Erie in the Union Gas area offering summer loads to balance the winter needs of the residential, commercial and light industrial customers in much of the Consumers' Gas area, (ii) the more efficient use of an integrated transmission line and underground storage operation, (iii) the economies available with a nearly doubled scale of purchasing of natural gas, materials and supplies, and, (iv) the significant savings from joint operation and unified management, including shared use of large computers, improved despatching for better customer service especially in adjoining service areas, and coordination of advertising, sales promotion, engineering and accounting programmes. All of these advantages arise from closer coordination of the two companies and do not require that either company discontinue as a separate corporate entity.

## Advisory Services

Subject to the direction of the Board of Directors, Stone & Webster Canada Limited, with 80 years of successful experience in public utility operations, continues to provide consulting and advisory services in accounting, financial and operating matters.

## Directors

Your Company suffered the loss of two members of the Board during the year. Mr. J. William Horsey, who had served on the Board for the past four years, died in December, 1968. Mr. G. E. Creber, Q.C., who had served on the Board since 1958, and also acted as your Company's solicitor in all matters relating to gas supply, resigned to become President of George Weston Limited. These men contributed in many outstanding and varied ways to your Company's success during their terms of office.

We are pleased that three distinguished businessmen joined the Board during the year, Mr. David B. Mansur, C.B.E., Chairman of the Board, Kinross Mortgage Corporation; Mr. A. G. S. Griffin, President of Triarch Corporation Limited, and Mr. Henry E. Langford, Q.C., former president of Eastern & Chartered Trust Company and recently retired chairman of the Ontario Securities Commission. The wide experience of these men is a welcome addition to your Board of Directors.

## Management and Staff

Mr. J. C. McCarthy, Vice-President, formerly General Sales Manager, has been appointed Vice-President and Regional Manager for the new central region. Mr. W. M. Kelly, formerly Vice-President and General Superintendent of Distribution, has been appointed Vice-President and Director of Marketing. Mr. G. W. Carpenter, formerly Vice-President and General Superintendent of Gas Supply, has been appointed Vice-President and Director of Operations. These and other departmental changes are part of the Company's continued policy for management training and development.



Part of your Company's management team as photographed during one of many planning meetings held regularly throughout the System.

Labour contracts were successfully negotiated with union locals representing employees in the Eastern Ontario, Niagara Peninsula, and St. Lawrence Gas areas. Labour contracts with other unionized employees expire during the coming fiscal year. The contract with Local 513, International Chemical Workers' Union (I.C.W.U.), representing the clerical staff of Metropolitan Toronto, expires January 31, 1970 and the contract with Local 161, I.C.W.U. representing the operating personnel in central Ontario, expires in July 1970.

During the past year, your Company continued to offer utility advisory services outside North America. Rate, operating and general marketing studies were carried out in the United Kingdom, Australia and New Zealand. Your Company continues to enjoy a high reputation in the utility field abroad, and has recently been invited to submit proposals on extensive utility development works in the Middle East and South America. This represents not only a revenue earning activity but also a most valuable assistance in employee development.

Chairman of the Board and President



Growth . . . The campus of the University of Toronto and Queen's Park, centre of Provincial Government, with Toronto's exciting, changing skyline in the background illustrate some of the vital forces which combine to make Metro Toronto, and the surrounding area served by your Company, a leader in Canada's economic growth.

## ConsumersLand . . . "LAND OF THE SEVENTIES"

ConsumersLand, the area served by the Consumers' Gas System, is one of the leading growth areas in North America. In new construction it leads all Canada, with Metropolitan Toronto alone ranking among the leading cities of the world in per capita value of construction and in industrial expansion. During 1969 the trend which has continued year after year, throughout the System, reached an all-time high.

The increased availability of natural gas, made possible by management foresight, corporate investment and employee co-operation is making an important contribution to growing residential, commercial and industrial development throughout ConsumersLand. Meeting the many inter-related needs of today's complex society . . . high density living, education, recreation, transportation, industry, population mobility, entertainment, hospital care, community service . . . natural gas from Consumers' plays a vital role in practically every requirement of everyday living, throughout this dynamic area.

The use of natural gas in the home for heating, air-conditioning, water heating, cooking, clothes drying, outdoor living as well as for countless commercial and industrial applications has grown four-fold in the last ten years. The market for natural gas broadens. The demand for natural gas intensifies. Your Company benefits.

The illustration above is only a glimpse of ConsumersLand: Metro Toronto, rapidly changing, fast-growing—a leader in North America! The vast area of Ontario heartland, too extensive for one illustration to portray, spreading out east to Oshawa, west to Port Credit and north to Barrie, likewise is only a part of the story of your company's growth potential.

On the following pages you will find evidence of the steady progress in ConsumersLand—Metro Toronto—Central and Eastern Ontario—the Ottawa Valley—the St. Lawrence Seaway country around Brockville and Massena, N.Y.—the Niagara Peninsula along the Niagara River, the Welland Canal, and the Lower Great Lakes.

In total on past performance and in future expectations ConsumersLand adds up to be the growth centre of Canada—"Land of the Seventies"—a challenge and an opportunity for your company without equal in the decade ahead.

*Natural gas plays an integral, significant part in most of the developments selected in this section of the Annual Report to illustrate the present growth and promising future of this dynamic area of North America.*

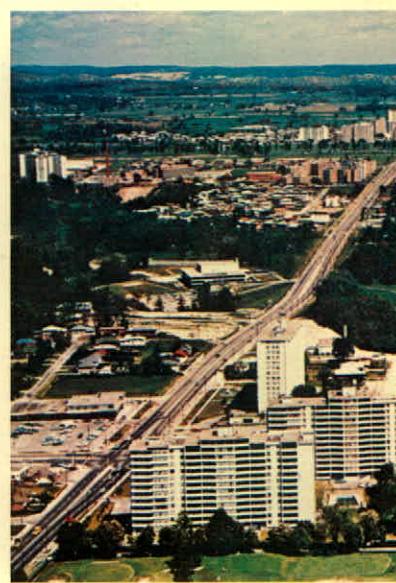
# Foundation of Progress for the 70's



Science Centre



Education



High Density Living



Condominium Town Housing

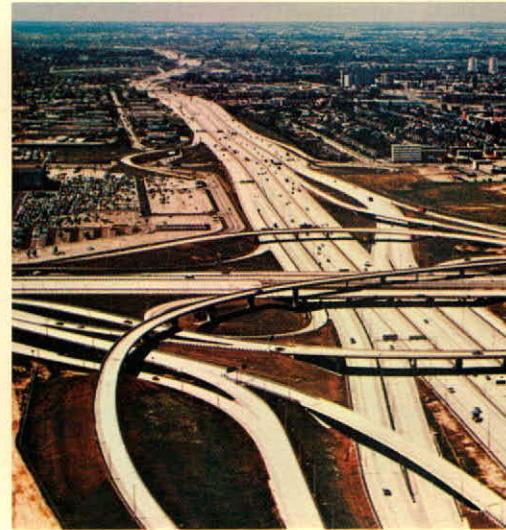
Science Centre, Ontario's new science showplace, with its advanced concept of design and scientific presentation will influence the lives of thousands of Canadians of all ages.

Condominium Town Housing is providing one answer to home ownership in meeting rising land costs. Natural gas is particularly popular for heating and water heating with home builders in this growing residential market throughout ConsumersLand.

**Education:** Scarborough campus of the University of Toronto has been acclaimed

as an inspiration to students in the challenging world of tomorrow. In keeping with its advanced modern design, it's served by natural gas.

**High Density Living**, exemplified in the dozens of high-rise apartment complexes springing up throughout the System's metropolitan areas provide the answer to housing accommodation for an increasing number of the growing population. This is reflected especially in the rapidly growing commercial market for natural gas.

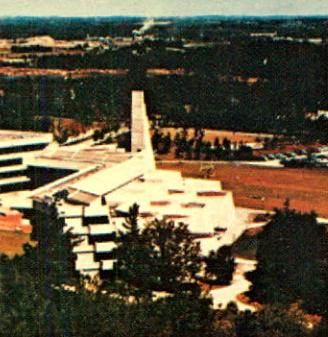


Mobility

**Mobility** is assured by modern highways and expressways. The interchange above, one of the busiest in the world, links the Metro Toronto market and ConsumersLand to the north, east and west.

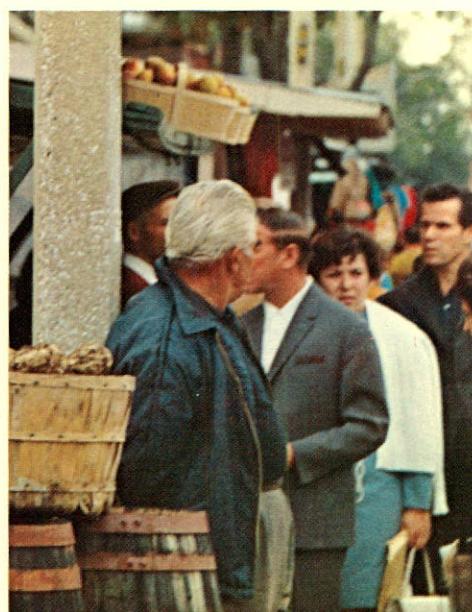
**Air Transportation:** at Toronto's International Airport at Malton, served by Air Canada, C.P. Air and all leading international airlines brings ConsumersLand into immediate touch with countries 'round the globe.

**Government:** Ottawa, Canada's capital city, centre of government is one of Canada's most important cities. The entire govern-



Air Transportation

Shipping



Many Cultures



Entertainment

Seaway

ment complex is served by a heating installation fired by natural gas supplied by your Company. Across the river from Ottawa can be seen the territory served by the company's wholly owned subsidiary, Gazifère de Hull.

**Seaway:** The Welland Canal, passing through the thriving Niagara Peninsula, home of Provincial Gas, serves the expanding industry of the region. It is an

important part of the St. Lawrence Seaway which assures access to world markets for the industry of the Peninsula and the Great Lakes area.

**Shipping,** by ocean-going vessels using the Seaway, links Great Lakes cities with the world... important outlet for Canadian manufactured products... valuable source of imported materials for the industry and commerce of this region.

**Many cultures:** More than 20 distinct ethnic groups are included in the population of ConsumersLand, enriching cultural life, augmenting exacting skills and creating the desire for achievement characteristic of a cosmopolitan centre.

Entertainment centred in the St. Lawrence Centre for the performing arts assures the people of Ontario the finest entertainment facilities in keeping with the high standards demanded by a city of the Seventies.

## Industry

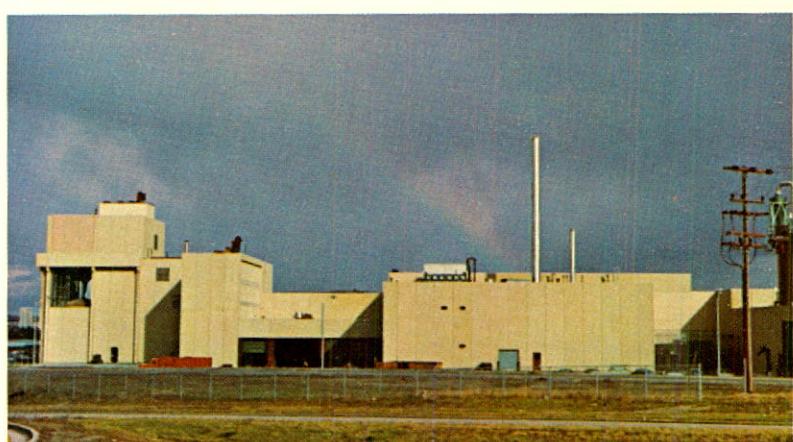
*Top*—Modern industry and high-rise office accommodation merge in an ideal setting against a background of modern apartment and home development. The three markets for natural gas—industrial, commercial and residential—are combined in this attractive area of Don Mills, Ontario.

*Middle*—Large new industrial user of natural gas, one of many being added to the Consumers' Gas System this year.

*Bottom*—Research Centre in Sheridan Park, along the Queen Elizabeth Way, is an important user of natural gas and a source of major research conducted by many of Canada's leading industries.



Modern Industry



Large Industrial Users



Modular Housing at Massena, N.Y. shows how the building industry is coping with rising costs in residential construction. Consumers' Gas is always active in helping the building industry develop and feature new methods, particularly through its annual participation in Canada's National Home Show.



Research Centre

For further information of important developments in ConsumersLand and the growing utilization of natural gas, write to:  
**THE CONSUMERS' GAS COMPANY**  
19 TORONTO STREET,  
TORONTO 210, ONTARIO.

# Consolidated Statement of Income

The CONSUMERS' GAS COMPANY and subsidiary companies

Year ended September 30

|   | <u>1969</u>          | <u>1968</u>          |
|---|----------------------|----------------------|
| <b>REVENUE</b>  |                      |                      |
| Gas sales . . . . .   | \$129,757,000        | \$117,374,000        |
| Other operating revenue (including<br>appliance rentals) . . . . .              | 6,401,000            | 5,663,000            |
| Interest (including merchandise finance<br>plan) and property rentals . . . . . | 2,268,000            | 2,305,000            |
| Other income . . . . .  | 1,419,000            | 1,063,000            |
|   | <u>139,845,000</u>   | <u>126,405,000</u>   |
| <b>COSTS AND EXPENSES</b>   |                      |                      |
| Operation and maintenance costs . . . . .                                       | 90,101,000           | 80,481,000           |
| Depreciation . . . . .  | 9,248,000            | 8,531,000            |
| Municipal and other taxes . . . . .   | 3,725,000            | 2,958,000            |
| Interest on funded debt . . . . .   | 9,288,000            | 7,434,000            |
| Other interest. . . . .   | 1,683,000            | 1,519,000            |
| Amortization of debt discount and expense                                       | 175,000              | 126,000              |
|   | <u>114,220,000</u>   | <u>101,049,000</u>   |
| Income before income taxes . . . . .  | <u>25,625,000</u>    | <u>25,356,000</u>    |
| Income taxes (Note 7)   |                      |                      |
| Current . . . . .   | 7,476,000            | 8,318,000            |
| Deferred . . . . .  | (567,000)            | (607,000)            |
|   | <u>6,909,000</u>     | <u>7,711,000</u>     |
| NET INCOME . . . . .  | 18,716,000           | 17,645,000           |
| Dividends on preference shares . . . . .  | 964,000              | 973,000              |
| Earnings on common shares . . . . .   | <u>\$ 17,752,000</u> | <u>\$ 16,672,000</u> |
| Dividends on common shares (1969—<br>72 cents, 1968—66 cents per share) . . .   | \$ 12,577,000        | \$ 11,524,000        |
| Net income after dividends . . . . .  | <u>\$ 5,175,000</u>  | <u>\$ 5,148,000</u>  |

*See accompanying notes to financial statements.*

# Consolidated Balance Sheet

The CONSUMERS' GAS COMPANY and subsidiary companies

## ASSETS

September 30

|   | <u>1969</u>                 | <u>1968</u>                 |
|---|-----------------------------|-----------------------------|
| <b>PROPERTY, PLANT AND EQUIPMENT at cost or redetermined value (note 1) . . . . .</b>   | <b>\$393,578,000</b>        | <b>\$368,760,000</b>        |
| Lands, structures, gas transmission and distribution systems, equipment, motor vehicles, unamortized franchise and permit costs, etc. |                             |                             |
| Less depreciation . . . . .   | <u>58,860,000</u>           | <u>56,267,000</u>           |
|   | <u>334,718,000</u>          | <u>312,493,000</u>          |
| <br><b>CURRENT ASSETS</b>   |                             |                             |
| Cash . . . . .  | 5,399,000                   | 449,000                     |
| Marketable securities at cost (note 2) . .  | 12,846,000                  | 12,846,000                  |
| Accounts receivable (including accounts receivable on merchandise finance plan, 1969—\$9,212,000, 1968—\$8,691,000) . .               | 21,241,000                  | 18,483,000                  |
| Materials and supplies at the lower of cost and market. . . . .   | 3,662,000                   | 2,223,000                   |
| Gas stored underground at cost . . . . .  | 12,751,000                  | 10,104,000                  |
| Prepaid expenses . . . . .  | 1,136,000                   | 983,000                     |
|   | <u>57,035,000</u>           | <u>45,088,000</u>           |
| <br><b>SHARES IN TECUMSEH GAS STORAGE LIMITED at cost (note 3) . . . . .</b>  | <b>3,000,000</b>            | <b>3,000,000</b>            |
| <br><b>OTHER ASSETS AND DEFERRED CHARGES</b>  |                             |                             |
| Mortgages receivable . . . . .  | 6,325,000                   | 6,751,000                   |
| Special federal refundable tax . . . . .  | 245,000                     | 620,000                     |
| Property held for resale and other assets. .  | 2,626,000                   | 4,745,000                   |
| Unamortized debt discount and expense .   | 1,982,000                   | 1,381,000                   |
| Other deferred charges . . . . .  | 264,000                     | 273,000                     |
|   | <u>11,442,000</u>           | <u>13,770,000</u>           |
| <br>Approved by the Board:  |                             |                             |
| J. K. MACDONALD, Director   |                             |                             |
| OAKAH L JONES, Director   |                             |                             |
|   | <u><u>\$406,195,000</u></u> | <u><u>\$374,351,000</u></u> |

*See accompanying notes to financial statements.*

## LIABILITIES

September 30

|   | <u>1969</u>                 | <u>1968</u>                 |
|---|-----------------------------|-----------------------------|
| <b>SHAREHOLDERS' EQUITY</b>   |                             |                             |
| Capital stock   |                             |                             |
| Preference shares   |                             |                             |
| Authorized—246,455 shares (1968<br>—249,250 shares) of \$100 each<br>issuable in series                                 |                             |                             |
| Outstanding (note 4) . . . . .  | \$ 17,645,000               | \$ 17,925,000               |
| Common shares (note 5) . . . . .  |                             |                             |
| Authorized—25,000,000 shares with-<br>out par value   |                             |                             |
| Issued—17,472,607 shares (1968—<br>17,463,087 shares) . . . . .   | 72,418,000                  | 72,336,000                  |
| To be issued—(1968—5,340 shares) .  | —                           | 35,000                      |
| Contributed surplus . . . . .   | 3,025,000                   | 2,980,000                   |
| Excess of net redetermined value of proper-<br>ty, plant and equipment over depreciated<br>book cost (note 1) . . . . . | 18,498,000                  | 20,606,000                  |
| Retained earnings (note 6) . . . . .  | 56,550,000                  | 50,881,000                  |
|   | <u>168,136,000</u>          | <u>164,763,000</u>          |
| DEFERRED INCOME TAXES (note 7) . . . . .  | 2,438,000                   | 3,005,000                   |
| <b>LONG TERM DEBT</b>   |                             |                             |
| Funded debt (note 8) . . . . .  | 189,728,000                 | 134,796,000                 |
| Mortgages payable . . . . .   | 757,000                     | 1,920,000                   |
|   | <u>190,485,000</u>          | <u>136,716,000</u>          |
| <b>CURRENT LIABILITIES</b>  |                             |                             |
| Bank borrowings . . . . .   | 19,023,000                  | 40,218,000                  |
| Notes payable . . . . .   | 130,000                     | 3,490,000                   |
| Accounts payable and accrued . . . . .  | 16,544,000                  | 13,355,000                  |
| Accrued interest on long term debt . . . .  | 2,276,000                   | 1,808,000                   |
| Taxes payable . . . . .   | 2,110,000                   | 5,141,000                   |
| Dividends payable October 1 . . . . .   | 3,385,000                   | 3,386,000                   |
| Sinking fund requirements payable within<br>one year . . . . .  | 1,668,000                   | 2,469,000                   |
|   | <u>45,136,000</u>           | <u>69,867,000</u>           |
|   | <u><u>\$406,195,000</u></u> | <u><u>\$374,351,000</u></u> |

See accompanying notes to financial statements.

# Consolidated Statement of Retained Earnings

The CONSUMERS' GAS COMPANY and subsidiary companies

Year ended September 30

|  | <u>1969</u>         | <u>1968</u>         |
|--|---------------------|---------------------|
| Balance at beginning of year . . . . .   | \$50,881,000        | \$45,201,000        |
| Net income after dividends . . . . .   | 5,175,000           | 5,148,000           |
| Amounts realized through depreciation provisions, transferred from excess of net re-determined value of property, plant and equipment over depreciated book cost . . . | 494,000             | 532,000             |
| Balance at end of year . . . . .   | <u>\$56,550,000</u> | <u>\$50,881,000</u> |

## Consolidated Statement of Source and Use of Funds

Fifteen year period since conversion to natural gas  
1955—1969

|  | Year ended September 30 |                        |
|--|-------------------------|------------------------|
|  | <u>1969</u>             | <u>1968</u>            |
| <b>SOURCE OF FUNDS</b>   |                         |                        |
| Addition to working capital from operations . . . . .                                | \$27,572,000            | \$25,695,000           |
| Issue of funded debt . . . . .   | 60,000,000              | —                      |
| Issue of preference and common shares . . . . .                                      | 47,000                  | 114,000                |
| Profit on property sales taken into retained earnings . . . . .                      | —                       | —                      |
| Realization of (investment in) mortgages receivable and other assets (net) . . . . . | 2,545,000               | 2,505,000              |
| Miscellaneous items . . . . .  | <u>1,052,000</u>        | <u>722,000</u>         |
|  | <u>91,216,000</u>       | <u>29,036,000</u>      |
| <b>USE OF FUNDS</b>  |                         |                        |
| Net additions to property, plant and equipment . . . . .                             | 33,087,000              | 31,476,000             |
| Reduction in mortgages payable (net) . . . . .                                       | 1,163,000               | 720,000                |
| Investment in shares of Tecumseh Gas Storage Limited . . . . .                       | —                       | —                      |
| Expenditures on conversion to natural gas . . . . .                                  | —                       | —                      |
| Reduction in non-current portion of funded debt . . . . .                            | 5,068,000               | 4,399,000              |
| Preference shares purchased for cancellation . . . . .                               | 280,000                 | 75,000                 |
| Capital stock and funded debt issue costs (net) . . . . .                            | 1,399,000               | —                      |
| Dividends on preference and common shares . . . . .                                  | <u>13,541,000</u>       | <u>12,497,000</u>      |
|  | <u>54,538,000</u>       | <u>49,167,000</u>      |
| <b>INCREASE (DECREASE) IN WORKING CAPITAL POSITION . . . . .</b>                     |                         |                        |
|  | <u>\$ 9,499,000</u>     | <u>\$ (20,131,000)</u> |

*See accompanying notes to financial statements.*

# Notes to Financial Statements

The CONSUMERS' GAS COMPANY and subsidiary companies

## Note 1

### PROPERTY, PLANT AND EQUIPMENT

All land, plant and equipment is stated at cost, with the exception of plant and equipment acquired prior to the end of the companies' 1955 fiscal years which is stated at a redetermined value of \$63,100,000 based on reproduction cost according to appraisals made by Stone & Webster Canada Limited as at that time.

The balance sheet deduction for depreciation is based on estimated service life and is the sum of

- (1) the observed depreciation reported in such appraisals increased by the amount necessary to provide for gas plant determined to be no longer useful and by \$4,566,000 in 1968 to convert (with the support of the Ontario Energy Board in its Reasons for Decision in Accounting Order U.A. 2 dated June 21, 1968) from an observed depreciation basis to an estimated service life basis, and
- (2) annual depreciation provisions for years subsequent to 1955 calculated on a straight line estimated service life basis using the stated values of depreciable assets, less
- (3) adjustments for disposals.

The increase in the depreciated value of property, plant and equipment, resulting from the 1955 redetermination and the 1968 adjustment (less portions of such increase realized through disposals and depreciation provisions and adjustments for the years 1956 to 1969) has been included in shareholders' equity as excess of net redetermined value of property, plant and equipment over depreciated book cost.

## Note 2

### MARKETABLE SECURITIES

Marketable securities consist of 700,000 common shares of Union Gas Company of Canada, Limited acquired during 1968. The quoted market value of these securities at September 30, 1969 (subsequent to an announcement of an offer to be made by the company for Union common shares (note 12)) was \$11,462,000 and at September 30, 1968 was \$11,900,000.

## Note 3

### SHARES IN TECUMSEH GAS STORAGE LIMITED

Tecumseh Gas Storage Limited, which operates natural gas storage pools, is owned 50% by the company and 50% by Imperial Oil Limited. Dividends received from Tecumseh and included in the item other income, amounted to \$300,000 in 1969 and \$240,000 in 1968. The company's interest in the undistributed earnings of Tecumseh to March 31, 1969, the end of its latest fiscal year, amounted to \$931,349. This amount has not been taken into the company's accounts.

## Note 4

### PREFERENCE SHARES

|  | 1969                | 1968                |
|--|---------------------|---------------------|
| Outstanding  |                     |                     |
| 48,815 shares (1968—50,000 shares) 5½% cumulative Series A, redeemable at a premium reducing from 3% to 1% . . . | \$ 4,881,500        | \$ 5,000,000        |
| 98,965 shares (1968—99,875 shares) 5½% cumulative Series B, redeemable at a premium reducing from 3% to 1% . . . | 9,896,500           | 9,987,500           |
| 28,675 shares (1968—29,375 shares) 5% cumulative Series C, redeemable at a premium reducing from 4% to 1% . . .  | 2,867,500           | 2,937,500           |
|  | <u>\$17,645,500</u> | <u>\$17,925,000</u> |

A retirement fund for the purchase of each class of preference shares for cancellation is required to be maintained in the amounts of \$100,000 for the Series A shares, \$200,000 for the Series B shares, and \$60,000 for the Series C shares. These funds are required to be augmented on January 2 of each year by the amounts necessary to re-establish them at the original amounts (see note 6).

During the year, 1,185 Series A, 910 Series B and 700 Series C preference shares having an aggregate par value of \$279,500 were purchased for cancellation. The amount of \$45,425 by which the par value exceeded the purchase price of such shares is included in contributed surplus.

## Note 5

### COMMON SHARES

During the year, 4,180 common shares were issued for \$47,454 cash and 5,340 shares were issued at a recorded value of \$34,710 in partial consideration for the shares of a subsidiary company.

2,550,000 common shares are reserved for issue upon conversion of the 5½% convertible sinking fund debentures.

Under the terms of the Restricted Stock Option Plan approved by the common shareholders on November 19, 1956, 890,874 common shares have been set aside for purchase by key employees. At September 30, 1969, 763,636 shares had been issued under this plan and options are outstanding on 12,440 shares at \$11.1375 per share, 2,571 shares at \$12.00 per share, 10,075 shares at \$12.825 per share and 72,650 shares at \$17.55 per share for a total of 97,736 shares. The last of these options expires on January 19, 1975. A total of 113 employees hold options under the Restricted Stock Option Plan.

## Note 6

### RETAINED EARNINGS

Retained earnings includes a special account in which has been set aside, in accordance with supplementary letters patent creating the preference shares amounts aggregating \$182,650 for the purchase of preference shares for cancellation.

# Notes to Financial Statements (Continued)

The CONSUMERS' GAS COMPANY and subsidiary companies

## Note 7 INCOME TAXES

The companies recover in revenues either (i) income taxes currently payable, or (ii) income taxes both currently payable and deferred, depending on the nature of the timing differences between accounting income and taxable income and the practicability of making periodic adjustments in revenue rates. So that there may be a proper matching of costs and revenues, as recommended by the Accounting and Auditing Research Committee of The Canadian Institute of Chartered Accountants, the companies' practice, which has been consistently applied, is as follows:

- (i) income taxes currently payable are recorded as charges to income, and
- (ii) those income taxes deferred which relate to current revenues are recorded as charges or credits to income.

Income tax reductions arising from claiming capital cost allowances and other deductions exceeding the related amounts charged in the companies' accounts and not recovered in revenues amount to \$5,553,000 for 1969 (\$4,975,000 for 1968) and the accumulated amount to September 30, 1969 is \$47,445,000.

## Note 8 FUNDED DEBT

|   | <u>Maturity</u> | <u>Outstanding</u>   | <u>1969</u>          | <u>1968</u> |
|---|-----------------|----------------------|----------------------|-------------|
| The Consumers' Gas Company  |                 |                      |                      |             |
| First Mortgage Sinking Fund Bonds   |                 |                      |                      |             |
| 3 3/4% Series A . . . . .   | 1974            | \$ 5,737,000         | \$ 6,292,000         |             |
| 5% Series B . . . . .   | 1978            | 15,195,000           | 15,733,000           |             |
| 5 1/2% Series C . . . . .   | 1983            | 18,250,000           | 19,143,000           |             |
| 4.85% Series D (1969—U.S. \$14,500,000,<br>1968—U.S. \$15,000,000) . . . . .                            | 1985            | 15,565,448           | 16,102,188           |             |
| Sinking Fund Debentures   |                 |                      |                      |             |
| 4 1/4% . . . . .  | 1974            | 4,404,000            | 4,946,500            |             |
| 4 3/4% . . . . .  | 1976            | 6,432,000            | 7,125,500            |             |
| 5 3/4% . . . . .  | 1977            | 4,248,000            | 4,521,000            |             |
| 6 1/2% . . . . .  | 1979            | 8,004,000            | 8,404,000            |             |
| 6% . . . . .  | 1981            | 11,947,400           | 12,382,100           |             |
| 5 1/2% . . . . .  | 1982            | 8,930,100            | 9,229,000            |             |
| 5 3/4% . . . . .  | 1984            | 10,245,900           | 10,483,100           |             |
| 5 5/8% . . . . .  | 1985            | 19,423,000           | 19,810,500           |             |
| Convertible Sinking Fund Debentures   |                 |                      |                      |             |
| 5 1/2% (Convertible into common shares at a<br>conversion price of \$23.53 per share) . . .             | 1989            | 60,000,000           |                      |             |
| St. Lawrence Gas Company, Inc.  |                 |                      |                      |             |
| First Mortgage Sinking Fund Bonds   |                 |                      |                      |             |
| 5 1/4% (1969—U.S. \$2,784,000, 1968—U.S.<br>\$2,856,000) . . . . .                                      | 1988            | 3,014,515            | 3,092,477            |             |
|   |                 | <u>191,396,363</u>   | <u>137,264,365</u>   |             |
| Less balance of sinking fund requirements payable<br>within one year, included in current liabilities . |                 | 1,668,229            | 2,468,742            |             |
|   |                 | <u>\$189,728,134</u> | <u>\$134,795,623</u> |             |

Aggregate sinking fund instalments due on the presently outstanding funded debt, amount to approximately \$4,442,000 in 1971 and \$5,085,000 in 1972.

## Note 9 REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of directors and senior officers amounted to \$308,917 for 1969 and \$295,125 for 1968.

## Note 10 PENSION PLAN LIABILITY

The unfunded past service liabilities of the company and its subsidiaries according to independent actuarial valuations made as at September 30, 1967 amounted to \$1,800,755 at that date. This obligation is being satisfied and charged to operations in the amount of \$234,090 annually. Annual contributions are made and charged to operations in the amounts estimated in the actuarial valuation to be sufficient to fund all current costs of the plan.

## Note 11 CONTINGENT LIABILITY

The company has entered into an agreement whereby it agrees to make sufficient use of the facilities of Tecumseh Gas Storage Limited to generate the revenue required by Tecumseh to meet its obligations under a Trust Indenture relating to its Series A debentures. In the event that there is any deficiency, the company will be required to purchase subordinated securities in an amount sufficient to make up the deficiency. The management of the company is of the opinion that Tecumseh will generate sufficient revenue to meet its obligations.

# Notes to Financial Statements (Continued)

The CONSUMERS' GAS COMPANY and subsidiary companies

## Note 12

### SUBSEQUENT TRANSACTIONS

By supplementary letters patent dated October 14, 1969 the company's capital was changed as follows:

- (a) Decreasing the authorized capital of the company by cancelling the 70,000 unissued preference shares with a par value of \$100 each.
- (b) Re-designating the issued preference shares with a par value of \$100 each, issuable in series, as preference shares, group 1 with a par value of \$100 each, issuable in series.
- (c) Increasing the authorized capital of the company by:
  - (i) creating 1,000,000 preference shares, group 2 with a par value of \$100 each, issuable in series;
  - (ii) creating 15,000,000 6½% convertible preference shares, group 3 with a par value of \$14 each; and
  - (iii) creating an additional 50,000,000 common shares without par value.

On October 15, 1969 the company made an offer to the common shareholders of Union Gas Company of Canada, Limited, other than those resident in the U.S.A., to purchase all of the common shares of Union. For each common share of Union the company is offering (i) one 6½% convertible preference share group 3, carrying (ii) the right to receive one-half of one warrant, each whole warrant entitling the holders thereof to purchase one common share of the company at \$23.53, and (iii) \$3 cash. According to the last published audited financial statements of Union at March 31, 1969, 15,134,955 common shares are outstanding, under option or reserved for issue under option. If all of these shares less those presently held by the company (note 2) are tendered under the offer, the company would be required to issue (i) 14,434,955 preference shares group 3, carrying (ii) warrants for the holders to purchase 7,217,478 common shares of the company at \$23.53, and to pay (iii) \$43,304,865 in cash.

## Note 13

### COMPARATIVE FIGURES

The 1968 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1969.

## Auditors' Report

Thorne,  
Gunn,  
Helliwell  
& Christenson

CHARTERED ACCOUNTANTS

### TO THE SHAREHOLDERS OF THE CONSUMERS' GAS COMPANY

We have examined the consolidated balance sheet of The Consumers' Gas Company and subsidiary companies as at September 30, 1969 and the consolidated statements of income, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at September 30, 1969 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Thorne, Gunn, Helliwell & Christenson*

Toronto, Canada

October 31, 1969

Chartered Accountants

## Statistical Information

### NOTE 1

|  | 1969               | 1968               | 1967               | 1966               | 1965              | 1964              | 1963              | 1962              | 1961              | 1960              |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Gas Sales  |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| Residential  | \$59,737,000       | \$55,332,000       | \$52,432,000       | \$49,999,000       | \$42,650,000      | \$39,694,000      | \$33,457,000      | \$30,681,000      | \$28,138,000      |                   |
| Commercial   | 33,934,000         | 23,694,000         | 19,853,000         | 16,203,000         | 12,133,000        | 9,953,000         | 8,158,000         | 7,173,000         | 5,797,000         |                   |
| Industrial   | 36,086,000         | 28,386,000         | 24,898,000         | 22,665,000         | 20,715,000        | 17,228,000        | 14,527,000        | 12,410,000        | 9,480,000         |                   |
| Other utilities  | —                  | —                  | —                  | —                  | —                 | —                 | —                 | —                 | —                 |                   |
| <b>TOTAL GAS SALES</b>   | <b>129,757,000</b> | <b>117,374,000</b> | <b>107,412,000</b> | <b>97,183,000</b>  | <b>88,867,000</b> | <b>75,498,000</b> | <b>66,875,000</b> | <b>56,142,000</b> | <b>50,264,000</b> | <b>43,415,000</b> |
| Other operating revenue (including appliance rentals)              | 6,401,000          | 5,663,000          | 5,003,000          | 4,366,000          | 3,541,000         | 2,991,000         | 2,333,000         | 1,638,000         | 1,443,000         | 1,438,000         |
| Interest and property rentals (including merchandise finance plan) | 2,268,000          | 2,305,000          | 2,125,000          | 1,452,000          | 1,686,000         | 1,798,000         | 1,219,000         | 1,090,000         | 1,379,000         | 1,041,000         |
| Other income   | 1,419,000          | 1,063,000          | 433,000            | 326,000            | 33,000            | 108,000           | 333,000           | 377,000           | 30,000            | 142,000           |
|  | <b>126,405,000</b> | <b>139,845,000</b> | <b>114,973,000</b> | <b>103,327,000</b> | <b>94,127,000</b> | <b>80,395,000</b> | <b>70,760,000</b> | <b>59,247,000</b> | <b>53,116,000</b> | <b>46,036,000</b> |
| Operation and maintenance costs                                    | 90,101,000         | 80,481,000         | 73,155,000         | 67,465,000         | 62,185,000        | 54,727,000        | 48,861,000        | 41,003,000        | 36,895,000        | 31,122,000        |
| Amortization of conversion expense                                 | —                  | —                  | —                  | —                  | —                 | —                 | —                 | 902,000           | 249,000           | 248,000           |
| Depreciation   | 9,248,000          | 8,531,000          | 7,761,000          | 7,001,000          | 6,340,000         | 5,781,000         | 4,577,000         | 3,711,000         | 3,276,000         | 2,881,000         |
| Municipal and other taxes  | 3,725,000          | 2,958,000          | 2,875,000          | 2,514,000          | 2,278,000         | 2,129,000         | 1,786,000         | 1,360,000         | 1,554,000         | 1,536,000         |
| Interest on funded debt  | 9,288,000          | 7,434,000          | 7,618,000          | 7,789,000          | 6,930,000         | 5,932,000         | 5,085,000         | 4,005,000         | 3,575,000         | 2,947,000         |
| Amortization of debt discount and expense                          | 175,000            | 126,000            | 156,000            | 169,000            | 101,000           | 143,000           | 127,000           | 110,000           | 106,000           | 97,000            |
| Other interest   | 1,683,000          | 1,519,000          | 1,037,000          | 351,000            | 895,000           | 1,172,000         | 375,000           | 164,000           | 460,000           | 1,091,000         |
|  | <b>114,220,000</b> | <b>101,049,000</b> | <b>92,602,000</b>  | <b>85,289,000</b>  | <b>78,729,000</b> | <b>69,884,000</b> | <b>60,811,000</b> | <b>51,255,000</b> | <b>46,115,000</b> | <b>39,922,000</b> |
| Income before income taxes   | 25,625,000         | 25,356,000         | 22,371,000         | 18,038,000         | 15,398,000        | 10,511,000        | 9,949,000         | 7,992,000         | 7,001,000         | 6,114,000         |
| Income taxes   | 6,909,000          | 7,711,000          | 6,439,000          | 4,595,000          | 3,668,000         | 907,000           | 1,387,000         | 605,000           | 671,000           | 987,000           |
| <b>NET INCOME</b>  | <b>18,716,000</b>  | <b>17,645,000</b>  | <b>15,932,000</b>  | <b>13,443,000</b>  | <b>11,730,000</b> | <b>9,604,000</b>  | <b>8,562,000</b>  | <b>7,387,000</b>  | <b>6,330,000</b>  | <b>5,127,000</b>  |
| NUMBER OF ACTIVE CUSTOMERS (Year end)                              |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| Residential  | 352,597            | 339,145            | 328,793            | 319,029            | 310,739           | 295,032           | 275,178           | 254,020           | 240,188           | 230,673           |
| Commercial   | 26,342             | 24,503             | 22,569             | 20,837             | 18,530            | 17,190            | 15,876            | 14,348            | 13,334            | 12,270            |
| Industrial   | 4,630              | 4,178              | 4,149              | 4,087              | 4,043             | 3,734             | 3,561             | 3,101             | 2,978             | 2,855             |
| <b>TOTAL</b>   | <b>383,569</b>     | <b>367,826</b>     | <b>355,511</b>     | <b>343,953</b>     | <b>333,312</b>    | <b>315,956</b>    | <b>294,615</b>    | <b>271,469</b>    | <b>256,500</b>    | <b>245,798</b>    |
| NUMBER OF SHAREHOLDERS   |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| Common   | 26,526             | 25,205             | 24,477             | 22,757             | 21,589            | 18,886            | 14,908            | 13,812            | 12,933            | 9,142             |
| Preferred  | 2,116              | 2,218              | 2,263              | 2,290              | 2,350             | 2,401             | 2,411             | 2,449             | 2,478             | 2,481             |
| NUMBER OF EMPLOYEES  | 2,221              | 2,142              | 2,166              | 2,053              | 2,081             | 2,150             | 2,288             | 2,126             | 2,042             | 2,088             |

|                                    | 1969               | 1968               | 1967               | 1966               | 1965              | 1964              | 1963              | 1962              | 1961              | 1960              |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| GAS SUPPLY—MCF                     |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
| Natural gas purchased . . . . .    | 148,742,000        | 127,180,000        | 111,132,000        | 109,094,000        | 95,721,000        | 82,303,000        | 72,355,000        | 58,401,000        | 49,930,000        | 39,351,000        |
| Natural gas produced . . . . .     | 764,000            | 270,000            | 374,000            | 189,000            | 70,000            | 46,000            | 25,000            | 111,000           | 121,000           | 111,000           |
| Propane-air gas produced . . . . . |                    | —                  | —                  | —                  | —                 | —                 | —                 | —                 | 74,000            | 53,000            |
| <b>TOTAL GAS SUPPLY . . . . .</b>  | <b>149,506,000</b> | <b>127,450,000</b> | <b>111,506,000</b> | <b>109,283,000</b> | <b>95,791,000</b> | <b>82,349,000</b> | <b>72,380,000</b> | <b>58,512,000</b> | <b>50,125,000</b> | <b>39,515,000</b> |

GAS DELIVERIES—MCF

Sales to Customers

|  |                    |                    |                    |                    |                   |                   |                   |                   |                   |                   |
|--|--------------------|--------------------|--------------------|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Residential . . . . .                  | 46,942,000         | 46,326,000         | 43,270,000         | 40,885,000         | 38,883,000        | 32,184,000        | 29,842,000        | 24,730,000        | 22,187,000        | 19,793,000        |
| Commercial . . . . .                   | 38,971,000         | 30,114,000         | 25,541,000         | 21,306,000         | 16,918,000        | 11,323,000        | 8,704,000         | 6,847,000         | 5,784,000         | 4,346,000         |
| Industrial . . . . .                   | 57,939,000         | 49,124,000         | 45,323,000         | 41,213,000         | 38,203,000        | 36,277,000        | 29,273,000        | 25,336,000        | 20,574,000        | 13,404,000        |
| <b>TOTAL SALES . . . . .</b>           | <b>143,852,000</b> | <b>125,564,000</b> | <b>114,134,000</b> | <b>103,404,000</b> | <b>94,004,000</b> | <b>79,784,000</b> | <b>67,819,000</b> | <b>56,913,000</b> | <b>48,545,000</b> | <b>37,543,000</b> |
| Gas into storage . . . . .             | 24,039,000         | 22,256,000         | 16,305,000         | 18,093,000         | 17,096,000        | 13,973,000        | 13,314,000        | 8,900,000         | 7,014,000         | 5,275,000         |
| Gas out of storage . . . . .           | (20,344,000)       | (21,321,000)       | (20,075,000)       | (13,521,000)       | (16,067,000)      | (11,659,000)      | (9,558,000)       | (8,059,000)       | (5,802,000)       | (3,786,000)       |
| Use by company . . . . .               | 386,000            | 231,000            | 197,000            | 178,000            | 175,000           | 159,000           | 155,000           | 132,000           | 130,000           | 112,000           |
| Unbilled and unaccounted for . . . . . | 1,573,000          | 720,000            | 945,000            | 1,129,000          | 583,000           | 92,000            | 650,000           | 626,000           | 238,000           | 371,000           |
| <b>TOTAL GAS DELIVERIES . . . . .</b>  | <b>149,506,000</b> | <b>127,450,000</b> | <b>111,506,000</b> | <b>109,283,000</b> | <b>95,791,000</b> | <b>82,349,000</b> | <b>72,380,000</b> | <b>58,512,000</b> | <b>50,125,000</b> | <b>39,515,000</b> |

MAXIMUM DAILY SENDOUT—MCF . . . . .

MINIMUM DAILY SENDOUT—MCF . . . . .

DEGREE DAY DEFICIENCY (Note 2) . . . . .

AVERAGE USE PER RESIDENTIAL

CUSTOMER—MCF . . . . .

132.8

135.8

130.8

126.8

125.2

110.5

111.4

100.5

94.6

87.5

COST TO CUSTOMERS

AVERAGE REVENUE PER MCF

|  |              |              |              |              |              |              |              |              |              |              |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Residential . . . . .                  | \$ 1.27      | \$ 1.28      | \$ 1.28      | \$ 1.29      | \$ 1.33      | \$ 1.33      | \$ 1.35      | \$ 1.38      | \$ 1.42      |              |
| Commercial . . . . .                   | \$ .87       | \$ .91       | \$ .93       | \$ .93       | \$ 1.07      | \$ 1.14      | \$ 1.19      | \$ 1.24      | \$ 1.33      |              |
| Industrial . . . . .                   | \$ .62       | \$ .63       | \$ .63       | \$ .60       | \$ .59       | \$ .57       | \$ .57       | \$ .60       | \$ .71       |              |
| <b>MILES OF MAINS IN USE . . . . .</b> | <b>7,321</b> | <b>7,084</b> | <b>6,841</b> | <b>6,433</b> | <b>6,345</b> | <b>6,176</b> | <b>5,845</b> | <b>5,468</b> | <b>4,999</b> | <b>4,726</b> |

AREA SERVED (Square Miles) . . . . .

1,629

1,624

1,624

1,516

1,503

1,484

1,363

1,204

1,069

Note 1: Figures shown are on a consolidated basis.

Note 2: Degree day deficiency figures given are those for Toronto area. The deficiency is a measure of coldness during the heating season and is calculated by adding together the total number of degrees by which the daily mean fell below 65° on those days when it did so.

# Corporate Information

## The Consumers' Gas Company

Incorporated under the laws of the Province of Canada March 23, 1848  
and continued as if incorporated under the laws of the Province of Ontario

**GENERAL OFFICE**  
19 Toronto Street, Toronto, Ontario

**REGISTRAR, TRANSFER AND DIVIDEND  
DISBURSING AGENT**  
Canada Permanent Trust Company  
1901 Yonge St., Toronto 7, Ontario

**REGISTRAR AND  
TRANSFER AGENTS**

Canada Permanent Trust Company in  
St. John's, Halifax, Charlottetown,  
Saint John, Montreal, Toronto, Winnipeg,  
Saskatoon, Calgary and Vancouver

Bankers Trust Company  
16 Wall Street, New York

### TRUSTEE (BONDS)

**3 3/4% FIRST MORTGAGE SINKING FUND BONDS, SERIES A**  
**5% FIRST MORTGAGE SINKING FUND BONDS, SERIES B**  
**5 1/2% FIRST MORTGAGE SINKING FUND BONDS, SERIES C**  
**4.85% FIRST MORTGAGE SINKING FUND BONDS, SERIES D (U.S. Funds)**

Canada Permanent Trust Company  
320 Bay Street, Toronto

### TRUSTEE (DEBENTURES)

**4 1/4%, 4 3/4%, 5 1/2%, 5 5/8%, 5 3/4%, 6% AND 6 1/2% SINKING FUND DEBENTURES**  
Crown Trust Company  
302 Bay Street, Toronto

### TRUSTEE (CONVERTIBLE DEBENTURES)

**5 1/2% CONVERTIBLE SINKING FUND DEBENTURES**  
The Royal Trust Company  
Royal Trust Tower, Toronto-Dominion Centre,  
Toronto, Ontario

### TRUSTEE (U.S. BONDS)

**5 1/4% FIRST MORTGAGE SINKING FUND BONDS,  
ST. LAWRENCE GAS COMPANY, INC.**  
Bankers Trust Company  
16 Wall St., New York

**FREE**—with our compliments

YOUR copy of the  
CONSUMERS' GAS  
1970 POCKET PLANNER



This is a useful diary calendar with space to record appointments, reminders, and desired information for each day of the year 1970. Its trim size and attractive appearance make it ideal for pocket, purse or desk. It was designed specifically to be used by our employees to provide them with a convenient method of organizing their time and effort, thereby increasing employee efficiency.

It proved so valuable last year we're repeating again this offer.

It contains addresses, telephone numbers of Company offices and important information about your Company and its operations.

By utilizing the preparatory work required to produce this Pocket Planner for employees, it is possible to make this offer to you at very little cost to the Company.

To obtain your copy, simply fill in the reply card which is directed to my personal attention.

Yours sincerely

President and General Manager

USE THIS CARD FOR YOUR COMPLIMENTARY COPY

Dear Mr. Jones:

I would like to take advantage of your complimentary offer of the Consumers' Gas 1970 POCKET PLANNER.

Please send my copy to the following address:

Name \_\_\_\_\_

Address \_\_\_\_\_

Zone \_\_\_\_\_

Phone Number \_\_\_\_\_

Please supply copy of "Join our Family of Natural Gas Customers"

I am interested in having the latest information about the new natural gas appliances:

- Patio Light
- Outdoor Barbecue
- Fireplace
- Space Heater
- Range
- Washer-Dryer Combination
- Furnace
- Domestic Water Heater
- Range
- Air Conditioner

I am interested in the industrial application of natural gas for \_\_\_\_\_

Please mail information

Please have representative of the Company contact me.

SYMBOL OF EXCELLENCE **gulfstream**

"Lots and Lots and Lots of Hot Water for only 9¢ a Day"



# COLOUR IS THE WORD!

Today's new gas appliances feature 'in' colours, in tune with the trend in kitchen, laundry, recreation room and patio, where the accent is to the gay, the bright and the carefree.

. . . and with natural gas, you add efficiency, economy, cleanliness and convenience. That's why the use of natural gas in the home continues to grow year after year. Today we serve more residential customers, using more gas, than ever before.

Are you familiar with all the  
*new natural gas appliances?*

Patio Light

Washer-Dryer  
Combination

Fireplace

Furnace

Outdoor Barbecue

Domestic Water Heater

Space Heater

Range

Range

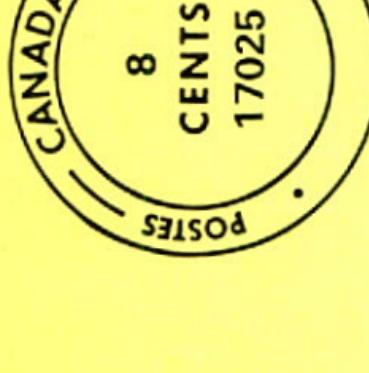
Air Conditioner

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**Are you using natural gas  
all the ways you can?**

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For prompt information use this reply card.



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**Business Reply Card**

No postage stamp necessary if mailed in Canada

Postage will be paid by

The Consumers' Gas Company

19 Toronto Street  
Toronto 1, Ontario

ATT. MR. O. L. JONES, PRESIDENT

# OUTSTANDING COMPANY PROMOTION

Increases use of Natural Gas  
Acquires new Gas Customers



400,000 copies of 16-page booklet, in exciting full colour, featured in Chatelaine Design Home/69 Promotion

Natural gas was selected by Chatelaine Design Home/69 for heating, water heating, clothes drying and cooking. This model home in a new condominium town house concept built by Greenwin was featured in the September Chatelaine, including this colourful 16-page booklet entitled "Join Our Family of Natural Gas Customers".

More than 400,000 copies of this booklet were circulated, as part of the magazine, to readers in Ontario, located principally in the area served by The Consumers' Gas System.

This activity is typical of the promotional efforts of your company, which last year resulted in the acquisition of thousands of new residential customers, continuing the steady growth pattern in this important market.

Reaches New Home Market  
Influences Replacement Market

"Join Our Family of Natural Gas Customers" shows how natural gas is used in the home for heating, water heating, cooking, clothes drying, air-conditioning, outdoor living and supplementary heating.

FREE COPY of this interesting, informative booklet is available to you upon request. Please use this handy, postage-paid reply card for your copy . . . →

