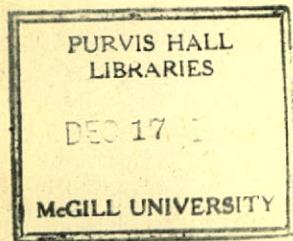


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The Consumers' Gas Company
~ of Toronto ~
Ninety-Eighth Annual Report

Year ended 30th September, 1946



The Consumers' Gas Company of Toronto

BOARD OF DIRECTORS

President

A. L. BISHOP

President, The Coniagas Mines, Limited
Director, The Manufacturers Life Insurance Company
Director, The Consolidated Mining and Smelting Company of Canada, Limited

Vice-President

EDWARD J. TUCKER

General Manager
The Consumers' Gas Company of Toronto

Directors

COLONEL J. F. MICHIE

President, Michie & Company
Vice-President, Confederation Life Association
Director, Imperial Bank of Canada

W. C. LAIDLAW

President, R. Laidlaw Lumber Company, Limited
Director, Imperial Bank of Canada
Director, Canada and Dominion Sugar Company, Limited

M. R. GOODERHAM

President, Manufacturers Life Insurance Company
President, Alexandra Apartments Limited

F. S. CORRIGAN

President, General Steel Wares Limited
Vice-President, Canada Permanent Mortgage Corporation
Director, North American Life Assurance Company

ROLPH R. CORSON

President, Rolph R. Corson Limited
President, Chartered Trust and Executor Company
President, Boiler Inspection and Insurance Co. of Canada

J. G. PARKER

Managing Director
The Imperial Life Assurance Co. of Canada

V. R. SMITH

President, Confederation Life Association
Director, Bell Telephone Co. of Canada

His Worship the Mayor of Toronto

ROBERT H. SAUNDERS,
K.C., C.B.E.

Ninety-Eighth Annual Report of the Directors of The Consumers' Gas Company of Toronto

TO THE SHAREHOLDERS:

Your Directors present herewith the Ninety-eighth Annual Report of the operations of the Company together with the Balance Sheet as of September 30th, 1946, and the Statement of Income for the year ended September 30th, 1946.

The following tabulation from the Statement of Income summarizes the financial results of the year's operations:—

Gross Operating Revenue	\$9,206,003.24
Operating Expenses and Taxes.....	7,442,304.73
Net Operating Income.....	1,763,698.51
Interest Earnings.....	91,518.67
Transferred from Reserve Fund.....	243,616.05
	<hr/>
	\$2,098,833.23
Dividends.....	\$1,164,416.00
Transferred to Plant and Buildings	
Renewal Fund.....	934,417.23
	<hr/>
	\$2,098,833.23

GAS OUTPUT AND CUSTOMERS

The past year was a year of progress for the Company, the output of gas reaching the record volume of 7,892,715,000 cubic feet, being 6.41 per cent. higher than the output of 1945.

On February 15th, 1946, a total volume of 27,175,000 cubic feet of gas was distributed which constituted a record output for a single day.

Customers served at the close of the year numbered 171,701, an increase of 2,147 during the year.

OPERATING REVENUES

Revenue from the sale of gas amounted to \$7,315,840, an increase of \$398,665 over last year. As compared with the corresponding sales of 1945, residential gas sales were greater by \$395,924, and commercial gas sales were greater by \$46,913. Sales of gas for industrial use were \$44,172 less than in 1945.

The value of residuals produced during the year was \$217,485 lower than in the previous year because of the smaller quantity of coal carbonized, occasioned by the closing down of a portion of the coal gas plant at Station "B" Works for necessary repairs.

Revenue from the sales of gas appliances amounted to \$582,083. This figure represents a substantial increase over the sales of last year owing to certain types of appliances such as gas refrigerators and industrial gas equipment becoming more generally available.

The demand for gas house-heating equipment far exceeded its supply. It is hoped that this situation will correct itself in the near future so that the many customers now awaiting such equipment will begin to enjoy the benefits of controlled, automatic heating in their homes.

OPERATING EXPENSES

Operating expenses, which include among other items the cost of gas coal, oil, payrolls and taxes, totalled \$7,442,304, an increase over 1945 of \$635,898. Our costs of operation have risen substantially during the past few years. The price of gas coal, the largest single item of operating cost, was again increased this year as a consequence of granting higher wages to the workers at the

mines. Railroad transportation rates on coal from the mines to the lake ports were also increased. Fortunately the reduction of 10 per cent. in the exchange rate on United States funds, made effective on July 5th, served to offset in a large measure the effect of the increases referred to. The net increase in the laid down cost of coal since 1939 is 40 per cent., and represents an added burden of \$597,980 in 1946 as compared with the pre-war cost.

Payrolls for the year including operating, maintenance and construction employees totalled \$2,439,052, an increase over 1945 of \$290,657. In comparison with the rates paid in 1939 the average wages now paid to our hourly rated employees have advanced by 35 per cent.

Taxes of all kinds aggregated \$1,081,918. This unavoidable item of cost is equal to 14.8 cents for each dollar received from the sale of gas.

REPAIRS AND RENEWALS

Expenditures for the maintenance of the various plants and properties of the Company totalled \$677,744. For six months of the year one half of the coal gas retort plant at Station "B" was closed down in order to carry out extensive renewals after eight years of continuous operation.

PLANT AND EQUIPMENT

Early in the year the Directors decided to enlarge the gas production facilities of the Company to meet the current and anticipated expansion in the public demand for gas. Additions were planned to the carburetted water gas plant at Station "B" Works capable of increasing the production capacity of that plant by 10,000,000 cubic feet per day. Extensions to the distribution system have been projected to augment the supply of gas in the area served by the Company.

While considerable progress has been made it was not possible, owing to scarcity of construction materials and

equipment caused mainly by strikes, and to inability to secure all the required manpower, to carry out all the work planned for this year.

SALES PROMOTION

Because of the shortage of appliances it was not feasible for the Company to re-establish its sales promotion work at former peacetime levels. Plans for sales and advertising activities have been formulated and Home Service programmes have been prepared in readiness for the time when gas appliances are again produced in volume.

PERSONNEL

The number of persons continuously employed throughout the year was 1,269.

Employment with the Company offers an unusual degree of permanence over the years as is evidenced by the fact that more than 300 of those now on the payrolls have served the Company for 25 years or longer.

For more than forty years the Company has voluntarily provided retirement allowances for employees who have rendered long and faithful service. There are now 110 former employees receiving such allowances.

All employees having more than one year of service receive a vacation of one week with pay, and employees who have completed three years of continuous service receive two weeks, in addition to which full wages are paid for eight statutory holidays during the year.

Partial payment of wages and medical attention are also provided during periods of sickness.

Recently a plan of Group Insurance was instituted by the Company, supported in part by contributions from the employees, the balance of the cost being paid for by the Company.

GENERAL

Conditions under which the operations had to be carried on were extremely difficult. The strikes of the workers at the coal mines, and of the seamen on the Great Lakes, greatly complicated the task of securing our normal supply of coal; while the strikes in the steel and other industries have seriously interfered with the production of new gas appliances and hampered the construction of new gas plant. Notwithstanding these difficulties, however, all demands for gas service were promptly and adequately met.

The officers and staff of the Company have functioned well both individually and as an organization, and it is with distinct pleasure that the Directors record their appreciation of the loyal and efficient manner in which the difficulties referred to above were met and overcome.

All of which is respectfully submitted.

A. L. BISHOP,

President.

The Consumers' Gas Company *of* Toronto

Statement of Income

For Year ended September 30th, 1946

GROSS OPERATING REVENUE:

Gas Sales.....	\$7,315,839.99
Residuals Produced.....	1,303,044.10
Merchandise Sold.....	582,082.56
Miscellaneous Revenue.....	5,036.59
	<hr/>
	\$9,206,003.24

Production, Distribution and Administration Expenses and Taxes.....	7,442,304.73
	<hr/>

NET OPERATING INCOME.....	1,763,698.51
INTEREST EARNINGS.....	91,518.67
	<hr/>

TOTAL NET INCOME before Provision for Plant and Buildings Renewal Fund.....	1,855,217.18
Dividends on Capital Stock.....	1,164,416.00
	<hr/>

Transferred from Reserve Fund.....	\$ 690,801.18
	<hr/>

Transferred to Plant and Buildings Renewal Fund	\$ 934,417.23
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The Consumers' Gas Balance September

LIABILITIES

Capital Stock.....	\$14,555,200.00
Reserves:	
Reserve Fund.....	\$3,726,823.33
Plant and Buildings Renewal Fund.	10,408,331.24
	14,135,154.57
Dividend No. 386, payable October 1st, 1946.....	291,104.00
Accounts Payable.....	586,055.71
Provision for Dominion Government Taxation.....	511,822.47
(subject to confirmation by the Commissioner of Income Tax of the basis of computation.)	
	<u>\$30,079,336.75</u>

Approved on behalf of the Board of Directors.

(Signed) A. L. BISHOP,
President.

(Signed) EDWARD J. TUCKER,
Vice-President and General Manager.

Company of Toronto

Sheet

30th, 1946

ASSETS

Real Estate, Plant and Equipment.....	\$24,672,440.88
Investment in Dominion of Canada Bonds (At Cost).....	2,813,944.56
Materials and Supplies.....	1,111,311.52
Cash in Bank and Offices.....	373,194.66
Accounts Receivable, after making provision for Doubtful Accounts.....	936,008.23
Interest Accrued, not due.....	28,146.42
Prepaid Taxes and Insurance.....	144,290.48
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	<u>\$30,079,336.75</u>

We have audited the accounts of The Consumers' Gas Company of Toronto for the year ended 30th September, 1946, and in the conduct of the work have received all of the information and explanations we have required.

We report that, in our opinion, the above balance sheet fairly represents, in accordance with accepted principles of accounting appropriately applied and consistently maintained, the financial position of the Company at 30th September, 1946, according to the best of our information and as shown by the books of the Company.

GUNN, ROBERTS & COMPANY,
Chartered Accountants

TORONTO, NOVEMBER 8th, 1946.

