

The
Consumers' Gas
Company
of Toronto



Eighty-Seventh
Annual Report

1935

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The Consumers' Gas Company
of Toronto
Eighty-Seventh Annual Report

Year ended 30th September, 1935

The Consumers' Gas Company
of Toronto

DIRECTORS

A. R. AULD T. BRADSHAW

A. H. CAMPBELL L. GOLDMAN

ARTHUR HEWITT

C. S. MACDONALD COLONEL J. F. MICHIE

F. G. OSLER T. H. WOOD

HIS WORSHIP THE MAYOR

ARTHUR HEWITT General Manager

EDWARD J. TUCKER Assistant General Manager
and Secretary

Eighty-Seventh Annual Report *of the*
Directors of The Consumers' Gas
Company of Toronto

TO THE SHAREHOLDERS:

Your Directors present herewith the Eighty-seventh Annual Report of the operations of the Company, together with the Financial Statements for the year ended September 30th, 1935.

General business conditions did not improve to any appreciable extent during the year and there was no diminution in the seriousness of the problems with which your Directors have been confronted in carrying on the affairs of the Company during the past few years.

The gross earnings for the year have been more than sufficient to pay all costs of operation including taxes, uncollectible accounts, interest charges, the cost of actual repairs and renewals, and the regular dividend. To carry out completely the Company's statutory obligations relating to the Plant and Buildings Renewal Fund it has been necessary to draw upon the Reserve Fund to the extent of \$504,215.42. The amount transferred from earnings to the Plant and Buildings Renewal Fund was \$1,052,015.63, and of this amount there has been spent on repairs and renewals during the year \$512,272.11, leaving the sum of \$539,743.52 to be added to the Fund.

The efforts of your Directors towards further reducing operating costs have been largely offset by increases

in items of expense beyond their control. In April last the freight rate on coal was advanced by 15 cents per ton, while the provisions of the Dominion Budget presented on March 22nd, reduced by a substantial amount the drawback of Customs duty paid on gas coal to which the Company had been entitled under an amendment to the Customs Tariff adopted one year previously.

The additional burdens of taxation which have been imposed upon the Company from time to time since the year 1930, have now assumed a degree of permanence from which it is not possible at the present time to predict any relief. The total provision made in the accounts of the year for direct taxes, which include Dominion Income Tax, Provincial Corporations Tax, Workmen's Compensation Tax, and Municipal Property Tax, was \$490,513.40. In addition to the amount of direct taxes, the items of Customs Duties, Excise Tax, Sales Tax, Fees and Licenses, have amounted to \$373,325.99.

The unavoidable losses from uncollectible accounts for last year, while still greatly in excess of normal times, were considerably reduced from the figures of the preceding two years.

The sales of gas appliances show a very satisfactory increase in volume, being 37 per cent. greater than the sales of last year. The activities of the Commercial Department in promoting and stimulating the use of gas among all classes of consumers were continued in a vigorous manner throughout the year. Interest in the cooking demonstrations of the Home Service Department has been well maintained and the large attendance at the lectures is ample proof that the homemakers of Toronto appreciate receiving instruction in better methods for the utilization of gas in the home.

There have been no important additions made to the manufacturing plant or distribution system during the year. All of the properties of the Company have been maintained in good repair and up to a high standard of operating efficiency.

The total amount paid in wages and salaries for the year was \$1,803,005.79. The number of employees at present on the Company's payroll is 1,287, more than 90 per cent. of whom have been in the Company's employ for more than 5 years. Almost 70 per cent. of all employees have service records in excess of 10 years, while 262 men have served the Company continuously for 20 years or longer.

Particular attention is given by the Directors to maintaining proper working conditions for the employees of the Company, including the installation of appropriate safety devices for the prevention of accidents, the adoption of fair wage schedules and reasonable hours of work, as well as the provision of opportunities for advancement for the workers. Pensions have been granted to those employees who, after long years of employment, have become incapacitated for further service. There are at present 25 former employees receiving gratuities from the Company. The favourable employment conditions created by the Company have resulted in the long service records of its employees and have contributed materially toward the harmonious relations which have existed between the employees and the Company for many years. The employees are thereby encouraged to give loyal and efficient service to the Company, to render prompt and courteous service to its consumers, and to co-operate with the management in effecting all reasonable economies in the costs of operation.

In order to insure an uninterrupted supply of gas coal and to take advantage of the economies afforded by lake transportation, the Directors considered it prudent to purchase in advance a sufficient tonnage of coal to meet the Company's requirements during the winter months, the coal to be held in storage on the docks at Canadian Ports for shipment to the Company's works when needed. Favourable arrangements have been made with the Company's bankers for such funds as were necessary to finance these purchases as well as for the amount of the capital expenditures undertaken during the year.

The share capital outstanding at the close of the year consisted of 140,552 shares of Common Stock of a par value of \$100.00 each, a total value of \$14,055,200.00. The ownership of the capital is vested in 3,489 shareholders, of whom 1,817, or 52.08 per cent. of the total, are women, 962 or 27.57 per cent. are men, and 710 or 20.35 per cent. are financial institutions, corporations and estates. An overwhelming proportion (94.23 per cent.) of the capital stock is held in Canada.

All of which is respectfully submitted.

ARTHUR HEWITT,
President.

The Consumers' Gas Company *of* Toronto

Statement of Income and Profit and Loss For Year Ended September 30th, 1935

GROSS EARNINGS:

Gas Sales.....	\$5,234,374.94
Residuals Produced.....	1,688,708.10
Merchandise Sold.....	228,970.62
Miscellaneous Revenue.....	7,660.65
	<hr/> \$7,159,714.31

Production, Distribution and Administration

Expenses and Taxes.....	5,287,565.97
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NET EARNINGS.....	\$1,872,148.34
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INTEREST EARNINGS.....	81,171.87
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\$1,953,320.21

Dividends.....	\$1,405,520.00
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\$ 547,800.21

Transferred from Reserve Fund.....	504,215.42
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\$1,052,015.63

Transferred to Plant and Buildings Renewal Fund..	\$1,052,015.63
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The Consumers' Gas

Balance

September

LIABILITIES

Capital Stock.....	\$14,055,200.00
Reserve Fund:	
Amount at Credit October 1, 1934.	\$6,929,938.79
Transferred to Profit and Loss	
September 30, 1935.....	504,215.42
	—————
	6,425,723.37
Plant and Buildings Renewal Fund:	
Amount at Credit October 1, 1934.	\$3,831,892.45
Less Repairs and Renewals.....	512,272.11
	—————
	\$3,319,620.34
Appropriation from Earnings,	
Authorized by Statute.....	1,052,015.63
	—————
	4,371,635.97
Reserved for Dividend No. 342.....	351,380.00
Provision for Dominion Government and other Taxation	68,195.06
Accounts Payable.....	364,429.51
Bank Advance.....	506,339.76
	—————
	\$26,142,903.67
	—————

Approved on behalf of the Board of Directors.

(Signed) ARTHUR HEWITT,
President.

(Signed) EDWARD J. TUCKER,
Secretary.

Company of Toronto

Sheet

30th, 1935

ASSETS

Real Estate, Plant and Equipment.....	\$21,900,806.80
Investment in Dominion of Canada, Province of Ontario and City of Toronto Debentures.....	1,991,561.87
Materials and Supplies.....	1,340,258.63
Cash in Bank and Offices.....	11,073.00
Accounts Receivable, after making provision for Doubt- ful Accounts.....	758,309.77
Interest Accrued, not due.....	37,074.13
Prepaid Taxes and Insurance.....	103,819.47
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	\$26,142,903.67

We have audited the accounts and vouchers of The Consumers' Gas Company of Toronto, for the year ended September 30th, 1935. Our requirements as Auditors have been complied with and in our opinion the above Balance Sheet sets forth a correct statement of the Company's affairs as shown by its books.

(Signed) W. E. SAMPSON, I.P.A. }
EDMOND GUNN, F.C.A. } *Auditors.*

TORONTO, 6th November, 1935.

Proceedings *of the* Eighty-Seventh Annual Meeting

The Eighty-Seventh Annual General Meeting of the Stockholders of The Consumers' Gas Company of Toronto, was held at the Company's Auditorium, 55 Adelaide Street East, on Monday, November 18th, 1935, at noon.

Present: A. R. Auld, W. A. Bark, R. M. Bateman, Mrs. M. E. Bates, Mrs. Winifred M. Blizzard, Thomas Bradshaw, Edward Burns, Jas. Carolan, S. G. Curry, E. A. Dickinson, G. F. England, J. H. Ewart, Farrell C. Feeney, A. D. Fisken, J. B. K. Fisken, Walter Gillespie, L. Goldman, Lt.-Colonel W. D. Greer, Arthur Hewitt, B. H. Hills, C. A. Jefferis, John B. Kay, Thos. E. Knowlton, F. G. Logan, Miss Mildred W. Logan, C. S. Macdonald, His Worship the Mayor, A. C. McCollum, Colonel J. F. Michie, Miss G. J. Miller, Jas. Nicholson, W. M. Oliver, F. G. Osler, A. G. Parker, J. T. Parker, G. H. Parkes, J. P. Patterson, Carl J. Printz, Percy Robertson, W. E. Robertson, H. W. Russell, Jas. D. Shields, W. L. Smith, T. F. R. Struthers, Edward J. Tucker, John Watt, Walter Whittem, Thos. H. Wood.

The President, Mr. Arthur Hewitt, was called to the chair.

The Secretary, Mr. Edward J. Tucker, presented the Annual Report of the Directors and the Financial Statements.

In reviewing the items of the Income Account he stated that although the Gross Earnings for the year were less than last year by \$90,913.30, there was a corresponding reduction in Operating Expenses of \$118,321.17, and therefore the amount of the Net Earnings, \$1,872,148.34, was greater than the same item of last year by \$27,407.87.

Referring to the losses from uncollectible accounts the Secretary reported that the situation had greatly improved. The amount which had been provided to

cover anticipated losses from uncollectible accounts arising from the year's gas sales was \$64,028.09, and it was expected that this sum would prove more than sufficient for the purpose. When compared with the amount of the loss actually realized from the sales of 1933, namely \$104,945.41, the improvement of \$40,917.32 between the two years was a very substantial one.

In dealing with the matter of taxation, he called attention to the large increase which had taken place during the past ten years in the amount of taxes levied upon the Company, and stated that for every dollar of revenue received from the sale of gas, the Company, last year, returned to the public treasuries by way of taxes, customs duties, excise taxes, etc., an amount of 16.5 cents.

The Secretary stated that after payment of the dividend, which was the maximum payable under the terms of the Act of Incorporation of the Company, there remained a balance of net earnings amounting to \$547,800.21, and that in order to transfer to the Plant and Buildings Renewal Fund the full amount authorized by Statute, namely \$1,052,015.63, it had been necessary to draw upon the Reserve Fund to the extent of \$504,215.42. He pointed out that the balance of the appropriation remaining, after deducting the cost of repairs and renewals for the year, which would be added to the Plant and Buildings Renewal Fund, amounted to \$539,743.52, and that this amount exceeded by \$35,528.10 the amount which had been withdrawn from the Reserve Fund.

In moving the adoption of the Annual Report of the Directors, the President said:

“The Eighty-Seventh Annual Report which has just been presented will, I trust, be considered a satisfactory one by the Shareholders, and I move its adoption.

“The operations of the past year have been characterized by a continuance of difficulties which have developed out of the unsettled economic conditions of the past few years. Increased operating expenses, mounting taxes, decreased purchasing power on the part of a large

proportion of our citizens, accompanied by virtually tax-exempt competition for certain classes of fuel business, are matters which have necessitated more careful consideration being given to the Company's affairs than at any period in its history.

"In order to offset the increase in uncontrollable operating costs and, at the same time, to keep the price of gas at its present low level, the utmost economy in controllable operating costs and in capital expenditures has been exercised, while every effort has been made to increase gas sales.

"For many years, the Company has been selling to its customers, through its Commercial Department, approved and efficient gas-consuming appliances on convenient terms of payment. In this connection, it is distinctly encouraging to report that the number of automatic gas water heaters sold during the year 1935 was four-and-a-half times the number sold in 1934.

"Of course, the selling of appliances constitutes only one phase of the Commercial Department's activities. It is the function of this department also to assist its customers in securing the best possible results from their appliances, and skilled men are available to any industrial establishment for consultation on any problems involving the application of heat.

"The fuel value of gas is entirely dependent upon the efficacy of the appliance to render a satisfactory degree of service. The entire gas industry has taken very seriously its responsibility for providing gas-consuming appliances which are safe, durable and efficient. For this purpose, the American Gas Association established a Testing Laboratory at Cleveland in 1925, the chief functions of which were to develop and secure national acceptance of complete standards of construction and performance for all types of gas appliances and their accessories, and also to test, certify and annually inspect gas appliances and their accessories for compliance with the standards adopted.

"For some years prior to the establishment of the Testing Laboratory it had become evident that both

manufacturers and consumers of gas and gas appliances would be materially benefited if proper standards for gas appliances could be developed and enforced. Not only was it desirable to discontinue the use of appliances of inferior design, but it was equally necessary to determine and state exactly what constituted a serviceable piece of equipment and how a given appliance could be measured against such standards.

"The testing of appliances for compliance with approval standards is a huge task, even in the modern laboratories equipped for this specific purpose. For example, a gas range must be subjected to and comply with more than two hundred and seventy-five tests before approval of its design and construction may be granted.

"To give some idea of how universal has been the acceptance of the Laboratory's standards on the part of gas appliance manufacturers, it is only necessary to state that ninety-three per cent. of the gas appliances sold in the United States and Canada last year bore the Testing Laboratory's seal of approval.

"During the past ten years, more than twenty-six thousand different models of gas appliances have been tested and certified as complying with the Laboratory's standards. These appliances represented practically every type of domestic gas appliance as well as many varieties of commercial and industrial apparatus.

"In addition to the appliance testing work of the Laboratory, a programme of research into problems of gas production and distribution has been undertaken, also into problems of domestic and commercial gas utilization. In the field of industrial gas utilization, among the research projects which have been undertaken and successfully completed to date are the following: a study of the characteristics of burning gas with preheated air; research in the elimination of noise in industrial gas burners; research in the fundamentals of combustion space requirements in high temperature gas furnaces; and researches in the effect of operating temperature and furnace pressure on the combustion of industrial gas.

“This great co-operative effort towards improvement in gas appliance design and construction has placed the gas industry definitely in a better position to meet the competition constantly being offered by other fuels. The research work will also stimulate advancement in every phase of the gas industry.

“The results of this research and the advantages of the appliance testing work are made available to this Company through its membership in the American Gas Association.

“The aggressive measures pursued by the Company in building up the sales of gas will be continued without relaxation during the current year.

“I regard the future outlook as decidedly promising. Any improvement in general business conditions, with the consequent restoration of purchasing capacity to large numbers of our domestic consumers, accompanied by further development of the potential market for water-heating, house-heating, refrigeration, air-conditioning and the many other commercial and industrial uses for gas, should be reflected very quickly in greatly increased sales of gas.

“In speaking of the prospects for the future, I am reminded of statements made by two men of outstanding prominence—men widely separated from one another—expressing the same idea. One is:

‘What practical moral is there for each of us in the fact that we cannot know the future? This: that we must take part in what is going on about us and not waste our forces in the contemplation of the unknowable, that we must act to the degree that each of us can, as our conscience and duty command.’

“The other:

‘We ought to live as far as we can in the day, the hour and the minute; to waste no time in anxious forecasting and miserable regrets, but just to do what lies before us as faithfully as possible.’

"Another suggestive thought may not be out of place, having in mind the troublous times through which we are passing:

'We have yet to learn to hope that when things seem at their worst, they are perhaps at their best, for then we are indeed at work upon our hard lesson, and perhaps the day may come when looking back upon the strange tangle of our lives, we may see that the time was most wasted when we were serene, easy and prosperous, and unthinking, and most profitable when we were anxious, overshadowed and suffering.'

Seconding the Resolution for the adoption of the Report, Colonel J. F. Michie said:

"I wish to express my regret that our Vice-President is unable to be with us to-day.

"Just after his recovery from a severe illness, Mr. Campbell met with an unfortunate accident which has again laid him aside. We hope, however, he will soon be able to resume his duties.

"There is little I can add to what the President and the Secretary have told you of your Company's affairs. I wish, however, to express on behalf of the Directors our appreciation of the loyal and efficient service rendered by the staff and employees during another trying year. Some statistics have been given you on the length of service of these men. It is a remarkable record of which we are very proud. We try to treat our employees fairly and generously both in health and in sickness and I think they realize this and in return give the best service they can render.

"You have been told something of our Home Service Department and of the success of our Cooking Classes, or to use a happier term our Homemakers' Classes, but perhaps you do not know that in this Department we have what I might term a Recipe Bureau with special telephones where you can get information as to the ingredients and manner of cooking of any dish you have ever heard of and hundreds of which you have not heard. They can even tell you how to make that fearful and wonderful dish of the Scots, 'Haggis.'

"After an existence of 87 years, one sometimes hears the criticism that much of your plant may be out of date and obsolete. Nothing is farther from the fact. Your plant is up to date in every respect, maintained in the highest state of efficiency and capable of coping with a much higher output which we hope will be required in the near future. I wonder how many of our shareholders have ever visited their plant to see their investment for themselves. It would be an interesting visit and those in charge would be glad to show them around.

"It may interest you to know that your Company now serves a district from beyond Port Credit on the West to the Junction of Kingston Road and St. Clair Ave. on the East, a distance of 22 miles and from the Island northerly to Steele's Corners, a distance of 11 miles. The total length of gas mains laid is now 1,040 miles.

"Mr. Hewitt has told you of the benefits we derive from our membership in the American Gas Association, where a highly trained staff is continually perfecting gas appliances and finding new uses for gas. In spite of unfair or at least unequal competition, our rates will stand any fair comparison and I predict that your Company has many years of usefulness and prosperity ahead of it.

"I have much pleasure in seconding the Resolution for the adoption of the Report."

The Resolution for the adoption of the Report was carried unanimously.

Messrs. W. E. Sampson, I.P.A., and Edmond Gunn, F.C.A., were re-appointed Auditors for the ensuing year.

Messrs. W. Gillespie and F. G. Logan, being appointed Scrutineers, reported the unanimous election of the following gentlemen as Directors for the ensuing year: A. R. Auld, T. Bradshaw, A. H. Campbell, L. Goldman, Arthur Hewitt, C. S. Macdonald, Colonel J. F. Michie, F. G. Osler and T. H. Wood.

At a meeting of the Board held subsequently, Mr. Arthur Hewitt and Mr. A. H. Campbell were unanimously re-elected President and Vice-President respectively for the coming year.

