

Electric Railway Department.

The Proposed Sale of the Toronto Railway to the City.

Following on the recent negotiations between the City and the Toronto Ry. Co. regarding the proposed purchase by the former of the physical assets, franchises, etc., of the Toronto Ry. and its subsidiary company, the Toronto Electric Light Co., and including such portions of the Toronto and York Radial Ry., and Toronto Suburban Ry., as are within the city limits, Mayor Hocken, at a meeting of the City Council, Oct. 13, brought down the reports prepared by B. J. Arnold, Chicago, Ill., assisted by J. W. Moyes, Toronto, regarding the railway portion of the proposal, and R. A. Ross and Co., Montreal, regarding the Toronto Electric Light Co.

In commenting on the report, the Mayor related the history of the negotiations leading up to the engagement of experts to report on the physical assets and the conditions of a tentative agreement, which would form the basis of a definite proposal to submit to the ratepayers for approval or rejection, and also dealt with the condition of affairs in which the city was involved in providing efficient transportation for a large and expanding city, especially in view of the peculiar nature of the terms of the franchise granted to the company, in connection with which there has been continuous litigation for several years, all more or less of an unsatisfactory nature so far as the city is concerned. The situation has to a certain extent been complicated by the construction and operation by the city of three disconnected lines serving outlying portions, each of which is being operated at a loss. The net operating loss on these three lines for the remaining portion of the Toronto Ry. franchise, which expires in 1921, is estimated at \$1,341,772.72.

After considerable negotiations, Sir William Mackenzie, President, Toronto Ry., expressed his willingness to arrange for the city to acquire the physical assets of the Toronto Ry. Co., comprising track, substructures and all underground conduit work, overhead trolley, feeder system, rolling stock, including electrical equipment, being all rolling stock in operation, head office property, power house and equipment at Frederick and Front Sts., substations and equipment, storage batteries, carhouses and barns, carbuilding shops, motor equipment shops, warehouse for stores, repair parts in stores, foundry, carpenter shops, stables, and all real estate and other physical assets held by the company and used or intended for use in connection with the railway; the physical assets of the Toronto Electric Light Co., comprising land, wharves and docks, buildings, steam and electric plant, incandescent light plant, storage batteries, overhead and underground lines and feeders, motors, meter boards and equipment, motors, lamps and installations, tools and equipment. To avoid any misunderstanding as to the physical assets proposed to be transferred, it is stated that with respect to the two foregoing companies the following assets are not included:—Stocks, bonds, securities of companies, bills, notes, claims and accounts receivable, monies, and any interest the Toronto Ry. Co. may have in the property known as Scarborough Beach, held by the Scarborough Securities, Ltd.

In addition to the foregoing items which the city may acquire are all cars in course of construction and equipment therefor, and all material on hand for new tracks, overhead construction and extensions, paying

the actual cost thereof in addition to the consideration agreed upon; so much of the tracks, substructures, underground and overhead construction appertaining to such tracks as are built upon the streets, roads and highways, except crossings thereof within the present city limits, the property of the Toronto and York Radial Ry. Co., on its several divisions, viz., the Metropolitan division, Toronto and Mimico division, and Toronto and Scarboro division; so much of the tracks, substructures, underground and overhead construction appertaining to such tracks as are built upon the streets, roads and highways, except crossings thereof within the city limits as are the property of the Toronto Suburban Ry. Co., and so much of the light, heat and power wires and poles and appurtenances belonging thereto, the property of the Toronto Suburban Ry. Co., and forming part of the lighting system within the city limits; so much of the franchises of the respective companies as may be necessary to enable the city to operate the assets, tracks, etc., purchased, and to carry on within the city the business appertaining thereto; the Toronto and York Radial Ry. Co. and the Toronto Suburban Ry. Co. shall be granted rights and facilities for connecting their overhead wire and cable lines with the lines and central stations of the Toronto Power Co. and the Toronto and Niagara Power Co., and with their own terminals in the city, for transmitting electricity over the said lines and cables for all purposes, and also the right to erect wires to connect their telephone systems with the said power stations or terminals in the city; the purchase price is to be \$30,000,000, which is arrived at by allowing \$8,000,000 for the assets, etc., of the Toronto Electric Light Co., and \$22,000,000 for those of the Toronto Ry. Co. and other companies mentioned, the amount to be paid as follows:—The city to make an issue of debentures amounting to \$30,000,000 with interest at 4½% per annum, payable half yearly, maturing in 30 years, with an adequate sinking fund; these debentures to be specially secured by mortgage of trustees covering the assets acquired, and to be a general obligation of the city, the terms of these debentures and the trust mortgage to be mutually agreed upon; of the purchase price, \$8,090,000 is to be paid in cash, and the balance in debentures at par, forming part of the issue mentioned; the city to assume bonds as follows:—Toronto Ry. Co., \$3,659,000, secured upon its lines; Toronto Electric Light Co., \$1,000,000, secured upon its properties, and Toronto and York Radial Ry. Co., \$1,640,000, secured upon its lines, etc., including the portions within the city limits, and to deposit with trustees its debentures to an equal amount to provide for the redemption of these bonds, or for getting them in by exchange, and so far as the portions of the Toronto and York Radial Ry. within the city limits are concerned, so that such portions may be released from their charge, meantime any transfers to be made out subject to such charge, and when so released any balance of debentures to be handed over; the city is to assume and carry out all lighting and power contracts of the Toronto Electric Light Co., and the Toronto Suburban Ry. Co. within the city limits, and all contracts of the Toronto Ry. Co. and Electrical Development Co., which run to Sept. 21, 1921, subject to renewal on

the terms of the contract, the city to give three years' notice in writing if it does not desire renewal; also to assume all contracts between the Toronto Electric Light Co. and the Toronto and Niagara Power Co., of Jan. 30, 1903; and after Nov. 13, 1919, being the first period of the contract, the city agrees through the Hydro Electric Commission of Ontario, to purchase from the Toronto and Niagara Power Co. not less than 30,000 horsepower per annum for 30 years from the latter date, under the terms of the existing contract, the power companies agreeing that during such contract they will only sell power in the city, to the city through the Hydro Electric Commission, but nothing contained in this clause shall be construed as to prevent the companies mentioned from supplying power to the railway companies for their purposes; the city will collect arrears and current accounts under the lighting and power contracts, and account to vendors and pay them their share, and will honor passenger tickets outstanding, the Toronto Ry. to redeem from the city at sale prices its honored tickets over the parts of their lines within the city limits; the parts of the radial lines taken over by the city are to be double tracked by the city, standard railway gauge to be adopted so as to permit of the operation of Toronto and York Radial cars thereon, the city to put down a third or composite rail if it desires to operate over these parts in connection with the city system; the radial companies are to have running rights over the portions taken over by the city, including the double tracks laid by the city, upon the wheelage basis for maintenance, and without charge for capital expenditure, and the right to connect the double tracks with the companies' car barns and terminals or property acquired for such purposes, but shall not, except on terms to be agreed upon, have the right to take up local passengers on the lines within the city limits, that is, passengers destined from one point on these lines in the city to another point on these lines in the city; the companies to have the right to carry express and light package freight over these tracks to their present terminals within the city limits, including the necessary property for terminals and station for the Toronto and York Radial Ry., adjacent to the C.P.R. at or near Yonge St., the classes of such express and freight to be settled by the Ontario Railway and Municipal Board; neither the Toronto Ry. Co., nor either of the other companies shall, except under the agreement for running rights, operate railways along streets within the present city limits, and should these limits be extended, the city to have the right to acquire so much of their lines, etc., as may be built upon streets, roads and highways, but not the crossings thereof within the extended limits, and in estimating the value of the lines so acquired compensation to be allowed to the companies for the franchise and for depreciation, if any, similar double tracking and running rights to be provided for as previously mentioned.

It will thus be seen that the city desires to acquire the whole street railway system within the city limits, as at present defined, and also within any future extensions, and in order to do this it has been found necessary to acquire also the assets of the Toronto Electric Light Co., a subsidiary of the railway company, and by so doing the