Again owing to the manner in which the Toronto Railway Company defends itself against suits for injuries and damages, it is found that its expenditure on this account is approximately 2 per cent. of its gross revenue, whereas the average of American cities is found to be 5.35 per cent. of the gross revenue. In this item we find a saving in favor of the Toronto Railway Company of 3.35 per cent.

The payment of $800 per single track mile to the City of Toronto for the maintenance of the paving and paving foundations is less than the actual cost of maintaining and renewing said work. A report furnished by the City would tend to show that this work costs on an average of $23,000 per mile, and assuming a life of twenty years for the pavement, the depreciation upon same would be $1,150 per mile per annum. The average expense to the City of maintaining this property over the past eight years on analysis is found to be $104 per mile, giving a total expense to the City of $1,250 per mile, for which the traction company pays $100 per mile, so that besides the saving of fixed charges, the traction company saves approximately $450 per annum per mile of the normal expense to a traction company in maintaining its track substructure and paving surface. The saving in expense of maintenance represents approximately 1 per cent. of the gross earnings.

In the matter of a renewal fund, it would appear to be the practice of the Toronto Railway Company to accumulate this fund by charging it against surplus rather than including it as an item of operating expense, and by reference to the balance sheet of the Company for December 31st, 1912, it will be noted that there existed a balance of over $600,000 applicable to the renewal of its property, being the unexpended balance of a fund aggregating a million and a half dollars, which has been accumulated out of surplus. This fund has, as above stated, been charged directly to surplus, and it would appear that the amount so charged for the year 1912 was approximately $200,000, or about 4 per cent. of the gross revenue.

In order therefore to place the operating ratio of the Toronto Railway Company on a basis comparable with that of other companies which operate under approximately 70 per cent. ratio, the following corrections become necessary:

Reported operating ratio as corrected		55%
Add—Taxes	5.4%	
Maintenance	1%	
Damages	3.3%	
Renewals	4%	
		13.7%
		68.7%

From the above it appears that the total operating ratio of the company as reported and as revised above is 55 per cent., and that this ratio is