

APPENDIX G (Continued)

Table VIII.

In Table VIII. the net surplus to the city from the operation is obtained on the following basis. The gross earnings from the operation of the Consolidated system are estimated as increasing at the rate of 11% per annum for the period considered, and appear as Column 1. In Column 2 are found the gross earnings applicable to the local traffic in the outer zone as determined in Table VII. These earnings subtracted from the gross earnings of the Consolidated system give the gross earnings applicable to the balance of the system, and appear in Column 3, and these earnings are estimated to be the earnings that the present railway system would receive from the operation of the entire system if the city does not purchase the railway company, but if it does build the extensions in the outer zone, totaling 103 miles as shown in Table I. In this case it is assumed that the traffic will be delivered to the Toronto Railway Company's lines, and the amount then appearing in Column 3 would represent their gross receipts. This column is arrived at for the purpose of estimating in Column 5 the estimated value of the city's share if it does not purchase the Toronto Railway's lines, but if it does build the lines in the outer zone.

The net earnings from the entire property operated as a whole appear in Column 4, which is 44% of the gross earnings appearing in Column 1, it being thus assumed that the entire extended system operated as a unit has an operating ratio of 56%. In arriving at this ratio it is assumed that the city, in making the extensions, will carry in the cost of the railway property, the same items of expense as are now borne by the Toronto Railway Company, and that the city will still carry in its paving account such items of expense as are now carried in the paving account for work done on the Toronto Railway Company's lines. Under these conditions the operating ratio of the property as a whole, when extended, should not vary materially from the operating ratio of the present Toronto Street Railway Company.

Column 6 shows the net surplus that will accrue to the city if it operates the property itself and is obtained by subtracting from the net earnings appearing in Column 4 the amount which the city would receive if it did not operate the property, appearing in Column 5.

The total thus arrived at is the net result from operation due to the strictly city passenger traffic, but does not include any additional amount which might accrue to the city if it grants the Radial Railways the right to use the city lines.