

THE PETITION OF THE N. B. POWER COMPANY

FACTS AND FIGURES UPON WHICH REQUEST FOR INCREASE IS BASED

Company's Case as It Will Be Presented to the Legislature Next Week — Cost of Operation Claimed to Be So High That Additional Revenue is Held to Be Necessary—A Statement Which Every Citizen Should Read with Care.

(Continued from page 1)

To His Honor the Lieutenant-Governor of the Province of New Brunswick and the Honorable the Members of the Legislative Assembly of said province.

The humble petition of the New Brunswick Power Company, sheweth as follows:

1. That your petitioner was incorporated by special Act of the Legislative Assembly of the Province of New Brunswick and was duly organized and acquired extensive lands, water power rights, sewage rights, and right of way for transmission lines for the purpose of developing water power and supplying electric energy in the southern part of the Province of New Brunswick and in and about the acquisition of such lands, water power rights, sewage rights, and right of way.

2. That your petitioner expended a very large sum of money. That at the time of its purchase by your petitioner the Saint John Railway Company's capital stock was one million dollars, all issued. In addition the company had outstanding an issue of first mortgage bonds due May 1, 1923, amounting to \$600,000.00, an issue of consolidated or second mortgage bonds due May 1, 1927, amounting to \$200,000.00, and an issue of third mortgage bonds due May 1, 1927, of \$200,000.00, and an issue of unsecured bonds or debentures due May 1, 1927, of \$200,000.00, of which the company had only been able to sell \$56,000.00, making a total bond and debenture issue of one million five hundred thousand six hundred dollars. These bonds, all but the last issue, were secured by separate trust mortgages each covering all the company's property then owned or thereafter acquired. Further financing by bond issues was impossible as fifth mortgage bonds would obviously be unobtainable. Indeed, the company in over two years was only able to sell about a fifth of the last issue of two hundred and fifty thousand dollars and the last of these were sold with a discount of ten per cent. Further financing by stock issues was equally impossible and as the growth of the city required extensions to electric light and power lines, gas mains and possible street railway lines and the procuring of additional cars and equipment, some millions would need to be spent upon the property to produce additional and cheaper power and bring the equipment up to the requirements of a city of the importance that Saint John would inevitably attain in the not distant future. A new organization therefore became necessary. The old company had reached its limit, nothing further of importance could be done in the way of additions or extensions. When the New Brunswick Power Company was organized to enable large additional amounts to be raised an authorized first mortgage bond issue was provided of five million dollars secured by a trust mortgage on the Royal Trust Company and the Boston Safe Deposit and Trust Company, an authorized first preferred stock issue of three million five hundred thousand dollars and an authorized second preferred stock issue of one million five hundred thousand dollars, and it was felt that with issues of this also authorized and available for sale it would be possible to procure additional capital to put the plant in proper condition to provide cheaper power and efficient service in this community. To produce cheap power and to be independent of the varying prices of coal, water power development was necessary. The New Brunswick Investment Company was incorporated for the purpose of securing out the purchase and transfer of the Saint John Railway Company property to the New Brunswick Power Company and received from the New Brunswick Power Company in payment for the assets of the Saint John Railway Company and the extensive "Hydro-electric" water power privileges and lands (which actually cost in cash over \$115,000.00), an issue of one million seven hundred and fifty thousand dollars of first mortgage five per cent bonds, one million dollars par value of first preferred stock, three hundred and fifty thousand dollars par value of second preferred stock, and two million dollars par value of common stock. This company had previously

arranged to sell the bonds to Messrs. Harris Forbes & Company, of Boston, for eighty-eight, the first preferred stock to Messrs. Bodell & Company, of Boston and Providence for ninety and one-half, making a total actually received from these issues of two million four hundred and forty-five thousand dollars. The prices received for these securities were favorable—far better than could at any time since be obtained for similar issues of this or any like company. From this amount and the proceeds of the three hundred and fifty thousand dollars second preferred stock and the two million dollars common stock, the company had to provide one million four hundred thousand dollars to pay for the capital stock and assets of the Saint John Railway Company, also to provide for the one million and fifty-seven thousand six hundred dollars bonds of the Saint John Railway Company, by purchasing and depositing with the provincial government an equal amount of Dominion war loan bonds of the 1925 issue, and also to purchase the water power privileges, rights of towage and all of the lands on the Magalloway river requiring necessary for the proposed water power development. There has been no cash profit to the New Brunswick Investment Company or to those interested in the New Brunswick Power Company. Any profit that eventually may be obtained will, if it should ever materialize, be only after a further capital expenditure of over two million dollars and will then be due to the efforts of the members of the company in making the property more valuable and providing for it greater earning power through the development of the water power project and the more efficient conducting of its business, and then can only come by the consequent enhancement of the present value of the securities through business-like management.

3. That on or about the first day of March, A. D. 1917, your petitioner purchased all the assets, franchises, etc., of the Saint John Railway Company, which said Saint John Railway Company by legislation was authorized to sell and your petitioner was authorized to buy. Such transfer was implemented by the necessary conveyances and was approved and ratified by a special Act of the Legislative Assembly of the Province of New Brunswick.

4. That pursuant thereto your petitioner took possession of the said property and has since been carrying on an electric light, gas and street railway service in the city of Saint John and elsewhere in the Province of New Brunswick.

5. That immediately upon going into possession of said property the rates which had been fixed by the Legislature as the maximum rates to be charged by your petitioner for electric current, having in view its water power development, automatically came into effect and your petitioner has since been charging such rates.

6. That during the year nineteen hundred and seventeen your petitioner made a general increase in the rate of wages to its employees of over \$40,000, which increase was necessary in consequence of the greatly enhanced cost of living.

7. That the contract for the supply of coal to your petitioner's plant with the Dominion Coal Company expired on the thirty-first day of December, 1917, and that under such contract your petitioner received all of the coal for its plant required for steam purposes at the rate of three dollars and thirty-five cents per gross ton, and for gas coal at the rate of three dollars and sixty cents per gross ton. That your petitioner is compelled to secure its supply of coal from the Dominion Coal Company, that being the only company having available a sufficient quantity of the necessary grade of coal for your petitioner's purposes. On the first day of January, 1918, the said Dominion Coal Company increased its prices of coal to your petitioner three dollars and sixty-five cents per gross ton, making the price seven dollars per ton for steam coal and seven dollars and twenty-five cents for gas coal, thus more than doubling the cost to your petitioner of the fuel necessary for its plant.

8. That your petitioner during the year 1917 used twenty-two thousand

five hundred and twenty-two tons of coal, and while the price at the present time has been increased three dollars and sixty-five cents per ton the Dominion Coal Company declines to make any contract for the year 1918, and notified your petitioner that such rate might be subject to increase at any time. That to procure coal from the United States, the only other place where coal suitable for your petitioner's purposes could be secured would cost your petitioner at least ten dollars per ton and probably far more, consequently your petitioner faces at the lowest computation an increase for the year 1918 in actual operating expenses of eighty-two thousand two hundred and fifty dollars and thirty cents, and possibly an increase of double that amount in the item of coal alone, and as your petitioner, because of the growing demand for electric power, is using more coal in 1918 than in 1917 the additional cost will be even greater.

9. That your petitioner has recently received a demand from Union Number 666, which Union is the Special Union of the New Brunswick Power Company employees for a straight increase in wages to the Company's employees, which, if granted, would entail an additional expenditure by your petitioner of over sixty-five thousand dollars per annum. That in addition thereto the government of the Province of New Brunswick has introduced at the present session of the Legislative Assembly of the Province of New Brunswick a Workmen's Compensation Act, which will apply to your petitioner, and in consequence of which your petitioner will be assessed by the members of the commission a sum supposedly equivalent to the amount that your petitioner would have to pay to an insurance company to obtain Workmen's Compensation insurance and such sum would amount to approximately two per cent. of your petitioner's pay roll, say six thousand dollars. That, in addition thereto, in consequence of the war all of the materials used by your petitioner in or about its business of providing electric light and power, gas and transportation, has tremendously increased, in many cases to from one to four hundred per cent., e. g., steel rails used by your petitioner (and your petitioner's plant has twenty-five miles of railway) have increased over one hundred and fifty per cent. Copper wire has increased over two hundred per cent. Boiler plate has increased over three hundred per cent. The price of lumber has more than doubled, and the price of ties has doubled, and speaking generally it costs your petitioner for the supplies and in its plant and in its business more than twenty per cent. of a year's cost of materials (of a year) at least double what it did prior to the war. Even the price of street cars has more than doubled. The only things that have remained the same before the war and at the present time are the rates received by your petitioner. At the old rate of wages, with the old price of coal and with the old cost of supplies it was barely possible for a street railway to be operated in St. John and make expenses under a five cent fare, six tickets for twenty-five cents, twenty-five tickets for a dollar with free transfers. The result of the rate is that the average fare received is about four and a third cents. At the present time, using last year's figures as a basis and taking into consideration the earnings of January and February, 1918, the operating income from your petitioner's street railway department for the year 1918 would be \$305,084.48, the operating expenses for 1917 were \$302,281.41. The earnings in January and February showed a falling off of five per cent. in the number of passengers carried and it is fair to assume that this falling off is due to the larger number of citizens going overseas, the young men of the community being those who largely travel and use the street cars, and consequently the earnings for the year 1918 probably will not be far from what were in 1917 by at least five per cent. Adding to the operating expenses of 1917 the increased cost of operating in 1918, due to the increase in the cost of coal, the proportion of Workmen's Compensation Assessment that would fall upon the railway department, taking its pay roll as the basis, the increased cost of materials and the possible increase in wages, assuming that the increase is to be made, the operating expense will total three hundred and fifty-four thousand and nine hundred and ninety-one dollars, showing a deficit in actual operation of forty-one thousand nine hundred and six dollars in the railway department alone. In addition to the operating expenses mentioned above it is obvious that the life of ties, the life of rails, the life of wires, the life of street cars, is limited, and authorities say a depreciation allowance of from five to eight per cent. on the cost should be made each year. The replacement value of the portion of your petitioner's plant used for street railway purposes is in excess of one million five hundred thousand dollars; therefore there should be a depreciation allowance of at least seventy-five thousand dollars each year set aside for replacements and renewals to keep your petitioner's plant in proper order and up to its present high standard. It is obvious, therefore, that your petitioner in its street railway operations should have, to come out even and without allowing any return on its investment, an increase in its revenue for 1918 of one hundred and twenty-four thousand nine hundred and six dollars.

10. Your petitioner has prepared a Bill presented herewith in which it asks in the first place that the obligation of your petitioner to issue tickets be abolished, and that your petitioner be permitted to charge one cent for each transfer issued. Your petitioner is performing a public service, is useful, indeed essential to the community, the community cannot properly exist without street railway service, consequently the patrons of the street railway should at least pay the actual cost and a reasonable return on the actual investment. During the period of the war and of unusual cost of operating, your petitioner cannot be compelled fairly to perform a public service unless it is getting the actual cost of such service.

11. Your petitioner pays a large amount each year to the city, namely, fourteen thousand four hundred dollars, which is really a license, though paid to relieve the company from its obligation to repair the streets and remove the snow therefrom. This obligation of your petitioner to keep in repair the portion of the streets between the rails and for a distance of eighteen inches on each side should be abolished during the continuance of the war, and the city of St. John be compelled to repair its streets, and the obligation of your petitioner to keep in repair the entire surface of streets less than sixty feet wide where your petitioner maintains a double track should also be abolished. The idea of charging street railways with the repairs of streets between the rails and for a certain distance on each side of the rails is a relic of the old horse car days, where the horses, travelling through the streets, wore out the pavement between the rails and for a certain distance on each side, and the horse car companies very properly were compelled to repair this portion of the street. But this can have no possible application now. The Electric Railway Company lays its own rails, maintains them, and does not wear out the pavement at all; therefore the burden placed upon your petitioner is an improper one, and as your petitioner, under existing expenses, even with the granting of the increased fares asked, cannot operate with profit it is only fair that during the present unusual period the city should keep its own streets in repair which are in no way injured by your petitioner. Your petitioner would thereby be enabled to make a payment of fourteen thousand four hundred dollars a year for repairs of this portion of the streets and the removal of snow.

12. The requests made by your petitioner herein are not unreasonable, and it has been found all over the Eastern States, and in many parts of Canada, essential that relief should be given to street railways along lines similar to those your petitioner is asking. Legislation has been introduced in the State of New York, making a general increase in the railway fare throughout the state, including the cities of New York and Brooklyn, and in the city of New York, a six cent fare, and in many parts of the New England States the rates have been increased to seven cents, and throughout Massachusetts zone systems have been established, greatly increasing the fares. Rates in St. John have been increased in over a hundred places from five to six cents, including the following cities comparable to St. John: New Haven, Conn.; Lexington, Mass.; Boston, Mass.; Plymouth, Mass.; Bay State Railway Co., operating in many cities in Massachusetts; New Bedford, Mass.; Ithaca, New York; Waverly, New York; Portland, Oregon; Old City, Pa.; Easton, Pa.; Pittsburgh, Pa.; Reading, Pa.; Rutland, Vt.; while the Peekskill R. R. Co., and the Putnam and Westchester Traction Co., have raised their rate to seven cents. Indeed in these places the

For Easter Sunday!

Are Your Feet Ready for the Parade?

Come, discard your heavy Footwear and join the procession.

Complete your Easter Outfit with an up-to-the-minute Shoe.

Our exhibit will give you an idea with every glance. Not only is the newest here, but the best is here, at prices that will cause you to wonder.

When you buy your Easter Footwear at this store you pay for the shoe alone, as expensive furniture, fixtures, and credit accounts play no part in the price fixing system here.

The style will be to your liking and the price lower than elsewhere.

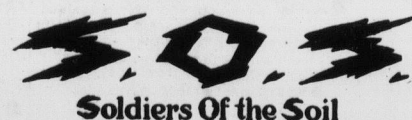
WIEZEL'S CASH STORE

price of coal is far less than in St. John and the price of equipment and supplies not over two-thirds the price in Canada. Railway rates for passengers and freight on all railways, including even the Canadian Government Railways, were recently increased fifteen per cent by the Railway Commission and the same reasons that made this increase necessary apply with greater force to your petitioner.

13. Gas—Your petitioner's gas plant has been exhaustively investigated by an official appointed by the New Brunswick Utilities Commissioners. On the facts adduced before the Public Utilities Commission a temporary increase in rate was granted to your petitioner, authorizing it to charge one dollar and fifty cents net for heating and one dollar and eighty cents net for lighting gas. Your petitioner's maximum charge under its charter is one dollar and eighty-five cents for gas for lighting. At the present time it is costing your petitioner, according to the finding of the expert appointed by the Public Utilities Commission, one dollar and sixty cents for gas for lighting, and it is well within the mark, and this is without any charge for interest on the cost of the gas plant which Mr. Waterman, the commission's official, found to be two hundred and ninety thousand dollars, and to have a depreciated value of one hundred and fifty thousand dollars to two hundred thousand dollars, and is merely a

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Unselfish Service



Soldiers Of the Soil

Men may go to the front and fight but boys can go to the farm and help raise the food for the fighting men.

You see the war is a circle of duties.

It is the duty of the fighting man to fight, but he must have food or he cannot fight.

And it is the duty of the farmer to grow crops and produce the food but we must help to do it.

So Canadian boys have a chance to do their part to help the farmer who grows the food to feed the fighting men.

The Canada Food Board has organized this army of boys, and it calls for 25,000 sturdy, clear brained Canadian lads from the cities and towns, from the villages and the farms to join this army of food growers.

Every boy of 15 to 19, inclusive, is eligible

It is a national army just as truly as that of the soldiers who go to France.

The young Soldiers of the Soil who serve their country on the farms of Canada this summer will be presented by the Dominion Government with Bronze Badges of Honour, just the same as the soldiers who go to the front are decorated with service medals.

Enrollment in the Soldiers of the Soil begins on April 8th and will continue for a week following. By April 13th Canada wants an army of 25,000 boy Soldiers of the Soil.

Enroll with High School Teachers, Y. M. C. A. Secretaries, Boy Scout Masters, and others in your neighborhood.

CANADA FOOD BOARD

Ottawa

Henry B. Thomson,

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