

# Western Canada Power Annual Report

**Although 1914 Statement Shows Deficit of \$21,349, Outlook for 1915 Is Much Improved—Proposed Increase of Capital Stock by Issue of \$5,000,000 in Preference Shares.**

The shareholders of the Western Canada Power Company, Limited, at a meeting which has been called in Montreal for Friday, May 7th, will be asked to approve an increase in the capital stock from \$5,000,000 to \$10,000,000.

It is proposed to do this by the creation of fifty thousand cumulative preference shares of \$100 each, the interest bearing rate to be determined by the directors at a later date.

The gross earnings of the company for the year ended December 31st, 1914, were \$315,800.94, which, with the balance of \$23,848.29 brought forward from the previous year, gave a total of \$339,649.23.

The operating expenses amounted to \$87,149.23, leaving an operating profit for the year of \$228,651. When regard is had, however, to interest charges of \$250,000, there is a deficit of \$21,349.

The report of Mr. C. H. Cahan, the president, reads as follows:—

"During the first six months of the year 1914, there was every indication of a steady recovery from the industrial depression of the previous year on the Pacific Coast, and the company had prepared to complete the installation of the third and fourth generating units at the power-house at Stave Falls, during the year 1914-1915, and was looking forward to an early realization of its most sanguine expectations.

"The unexpected outbreak of the European war at once affected the business of our customers very seriously, and the directors of the company forthwith decided to postpone indefinitely the company's works of construction, discharge its engineering staff, and reduce its operating expenses wherever possible.

"Since the first of August last, the company's industrial customers have been involved in a tedious process of liquidation; those who were unable to undergo the financial stress have been eliminated; and those remaining are now in good condition to take advantage of the revival of business which has already commenced in Canada as well as in the United States.

"This prevailing financial and industrial depression has resulted in very considerable temporary loss of business to the company, as even its best customers have restricted their consumption of electrical power to the minimum which they were obliged to receive under their contracts.

"It is impossible, under these conditions, to make a reliable forecast of the company's business during the present year; but, at least, there appears to be a distinct improvement in the timber trade, upon which the prosperity of a considerable portion of the population on the Pacific Coast so largely depends; and the dredging operations and elevator construction now being carried on by the Dominion Government in the vicinity of the City of Vancouver will

require very considerable supplies of electric power from this company.

"The gross earnings of the company during the year 1914 were only \$315,800, or over \$100,000 less than might reasonably have been expected; and the operating expenses were \$87,150; showing a surplus of earnings over expenses of \$228,650 for the year.

"It was proposed, during 1914, to instal the third generating unit complete with its penstock and switches. The turbine for this unit was shipped early last July from Antwerp by the Escher-Wyss Company, and received in Vancouver, B. C., early in September; the fourth turbine is now completed at the works at Zurich, but cannot be shipped until after the war is over.

"The two additional generators and the eight large transformers, which were ordered in 1913 from the Canadian General Electric Company, were also completed in July last, and are now held in storage.

"The switch boards, which were ordered from the Canadian Westinghouse, were also completed; but they were only partly erected, when construction work was stopped at the outbreak of the war.

"An additional expenditure of about \$90,000 only is now required to complete the installation of the third generating unit; and the installation of the fourth generating unit, which is partly paid for, will require an additional expenditure of about \$165,000. Eventually, the completion of the dams necessary to operate these four units to their full capacity will cost \$400,000; and the completed installation will then produce 52,000 horse-power.

"In December last, the company authorized an increase of its issue of first mortgage bonds from \$5,000,000 to \$6,000,000; and a portion of this new issue has been pledged to secure existing indebtedness of the company. It has been deemed impracticable, under existing financial conditions, to negotiate a public issue and sale of these additional bonds.

"All the proceeds so far derived from the company's second or refunding mortgage bonds have been applied to the works of construction which, as yet, produce no revenue.

"The directors of the company now propose to increase the capital stock of the company and to create an issue of preference shares, in the hope that, if the existing financial stringency is prolonged, the holders of certain of its mortgage securities, now outstanding, may eventually decide to convert these securities, in whole or in part, into preferred shares of the company; but no definite negotiations to this end can be concluded until the by-laws enacted for that purpose are ratified by the shareholders at their next meeting.

"The new business, now in sight, for 1915, is chiefly related to Dominion Government works at present under construction. The grain elevator, being erected by the Grain Commission at the port of Vancouver, will have an installation of 1,400 horse-power, in motors. The dredging of the harbor at False Creek requires an installation of 650 horse-power in motors. The new works of the Imperial Oil Company near Port Moody will require, as part of their equipment, 800 horse-power in motors. Beginning from September 1st, 1915, the British Columbia Electric Railway Company will increase its minimum requirements from 10,000 horse-power to 13,300 horse-power. And any considerable revival in the industry and trade of the Pacific Coast will at once ensure corresponding increases in the revenues of the company."