

QUEBEC RAILWAY BONDHOLDERS

Analysis of Their Position—Company's Outlook is Brighter

Monetary Times Office,
Montreal, July 23rd.

Sir Rodolphe Forget is said to have stated that the interest on the bonds of the Quebec Railway, Light, Heat and Power Company had all been paid. When this statement was made, the holders of some of the bonds, who had deposited their coupons with the banks with instructions to notify them as soon as the coupons were honored, had not received this notification. It is now generally accepted that the coupons will be honored and that Sir Rodolphe's statement was intended as an announcement to this effect. The company has until the end of this month to meet its obligations in this respect, and it seems likely that by August 1st, the coupons will have been honored. Comment has been heard regarding the somewhat remarkable manner in which the coupons were met. It would seem that the company followed the practice of paying where trouble might have arisen, through refusal to pay, and also that, in a general way, large payments were avoided as long as possible.

Indications from Financial Statement.

The earnings of the Quebec Railway, Light, Heat and Power Company are apparently more than sufficient to meet the bond interest. The company is making progress and in the course of a few years, with careful management, it should have emerged from its present unfortunate position.

The last financial statement furnishes evidence of the approach of the present trouble. In that statement, can be seen the large decrease in the cash position, the big sums in dividends and interest unpaid and the large proportion of current assets composed of sums due by subsidiary companies. Also, it is seen that the company is earning enough to look after its interest charges, as will be seen from the following summary of the statement for the year ended June 30, 1912:—

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| Net earnings and miscellaneous income | \$875,484 | |
| Fixed charges | \$660,363 | |
| Two dividends | 199,990 | |
| Organization expenses | 3,920 | 864,273 |

Surplus for year ending June 30, 1912 \$ 11,211

If the company had not paid about \$200,000 in dividends, it would have been able to show a respectable surplus for the year, and would have been in a much better position at present to meet its bond interest. Doubtless this, and undue haste to carry out extensions, have been responsible for much of the present scarcity of cash.

Will Work into Better Position.

Among the current assets, last year, were the following items:—

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| Advanced to controlled companies for construction \$ | 871,337 |
| Cash in hand and in banks | 254,513 |
| Accounts and bills receivable | 235,665 |
| Stores and supplies on hand | 136,740 |

In the liabilities were the following:—

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| Accounts payable | 158,572 |
| Sundry loans | 1,171,968 |
| Accrued or unpaid interest and dividends | 338,462 |
| Accrued charges | 8,154 |

At the end of the previous year, the company had over \$2,000,000 in actual cash, and the controlled companies owed it over \$900,000, and so had reduced this indebtedness but little during the year. In the liabilities, appeared only slightly over \$590,000 as loans to the company, so that these doubled during the year.

Some question has been raised concerning the position of the holders of the bonds of the subsidiary companies. One who ought to be well acquainted with the situation states that the bonds of the subsidiary concerns all take precedence to those of the holding company itself—namely, the Quebec Railway, Light, Heat and Power Company. In the matter of the Quebec and Saguenay Company, however, it would seem that the obligations were guaranteed by the Quebec Railway, Light, Heat and Power Company in a way which would make that company liable only after its own bonds had been satisfied. In other words, the bonds and obligations of the Quebec and Saguenay would, in case of liquidation, come in with the other creditors of the Quebec Railway, Light, Heat and Power Company.

However, there should be no liquidation, the bond interest will doubtless all be met, and the company will probably work into a better position. It will be a long time before there will be any more dividends, however.

KAMINISTIQUIA POWER COMPANY

Extensions to Plant—Many Firms Locating at Head of Great Lakes—Markets for Power

Monetary Times Office,
Montreal, July 23rd.

The decision of the Kaministiquia Power Company to carry out further extensions to its plant at Fort William, thus increasing its power capacity is another evidence of the unusually active growth which is taking place in the advantageously-located twin cities of Fort William and Port Arthur.

Every few weeks is reported the decision of yet another industry to locate either its head office or a branch office at the head of the lakes. Within the last six months, or so, announcements of this character have been made by the Canadian Car and Foundry Company, National Tube Company, the Maritime Nail Company, the Canadian Steel Foundries, the Superior Brick and Tile Company, the Fort William Starch Works and the Great West Wire Fence Company, besides which, extensions are constantly being carried out by such large firms as the Canada Iron Corporation, the Copp Stove Company, the Ogilvie Flour Mills and others.

It is not surprising, therefore, to read the announcement of the extension of the Kaministiquia Power Company to increase its capacity.

Montreal Financiers are Interested.

The Kaministiquia Power Company is owned, mainly, by Montrealers, the president is Mr. H. S. Holt, vice-president Mr. C. R. Hosmer, and the directors are Messrs. W. A. Black of the Ogilvie Flour Mills, J. E. Aldred of the Montreal Power Company and Shawinigan Water and Power Company, F. H. Pippen, K.C., of Toronto, and J. S. Norris secretary of the Montreal Light, Heat and Power Company. Mr. W. A. Black is managing director. The late Mr. F. W. Thompson, who preceded Mr. Black as vice-president and managing director of the Ogilvie Flour Mills Company, was, previous to his death, vice-president of the Kaministiquia Company. The late Sir Edward Clouston was formerly also on the board.

The Kaministiquia Power Company was incorporated in 1905, when it purchased from the Ontario Government the Kababeka Falls on the Kaministiquia River, 18 miles from Port Arthur and Fort William, Ont., and immediately commenced the development of this water power. The initial development was completed in December, 1906, and subsequently has been added to. There are now installed three electrical units of 3,750 kilowatts, each making a total equivalent to about 15,000 horsepower. The hydraulic development may possibly have been made in three units, of about 7,000 horsepower each.

Capacity and Output.

The present hydraulic development is equal to a round 20,000 horsepower, of which there was added in 1911, one unit of 7,000 horsepower capacity in turbines, generators, etc., and the extension was made to the power house to accommodate this extra equipment.

It will be seen, therefore, that at the present time the company has a hydraulic development with a capacity of 20,000 horsepower and plant and machinery installed with a capacity of 15,000 horsepower. It is the intention to proceed with a hydro-development of 10,000 additional horsepower, making a total development of 30,000 horsepower. At the same time it will instal an additional unit of electrical machinery with a capacity of 15,000 horsepower, thus doubling the present electrical capacity and making a total of 30,000. The company will thus be able to take advantage of the entire power at its disposal. It is said that the undertaking will involve an additional expenditure of about \$1,000,000. It is the intention to begin work in the immediate future and it is expected that the undertaking will be completed at the close of 1915.

The Kaministiquia Power Company is in a somewhat unusual position in this that it does not enter into competition with the Hydro-Electric Power Commission of Ontario. Instead, it supplies the power to the Commission, the Commission in turn supplying current to the city of Port Arthur for municipal and industrial purposes. The Kaministiquia Company supplies Fort William direct.

There is no possibility of a grain blockade, however large the crop this year may be, says Sir Donald Mann. The Canadian Northern Railway will construct a line from Port Arthur to Montreal via Toronto and to Halifax. Already a short route is under construction through northern Ontario, but the company realizes the importance of the line projected.