

1895

# FORTY-SEVENTH ANNUAL REPORT OF THE CONSUMERS' GAS COMPANY OF TORONTO

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The Directors have to report to the Shareholders, that the business of the Company during the past year has been fairly progressive.

There has been a slight increase in the quantity of gas sold, as compared with the preceding year, mainly attributable to a greater demand for fuel purposes. This, in view of the continued depression of business generally, they consider to be a cause for satisfaction.

Improvements at the Works continue to be made from time to time, and the results obtained during the past year, have been the best yet secured.

The price of coal has been slightly lower, and gas oil much higher, and the amount received from the sale of tar much less, notwithstanding which, the profit realized has been but slightly under that of the previous year.

An action has been brought against the Company by a consumer who claimed that the consumers had suffered to a large extent, by reason of an alleged non-compliance by the Company with some of the provisions of the last Act, passed in 1887, in amendment of the original Act of Incorporation. A special case was agreed upon and argued before Hon. Mr. Justice Ferguson, whose judgment upon a number of points raised has been adverse to the course adopted by the Company.

From this judgment, the Directors have thought it proper, in the interest of the Shareholders, upon the advice of eminent counsel, to appeal. As at any time the needed changes could be made so that the books and investments would conform to the requirements of the judgment of Mr. Justice Ferguson, and as, in the meantime, to make these alterations temporarily would cause unnecessary difficulty in the accounts of the Company, in case his judgment were modified by the Appellate Court; upon the like advice, the Directors have thought that, in the meantime, and until the final disposition of the action, no change should be made in the mode of keeping the accounts and dealing with the assets of the Company.

In view of Mr. Justice Ferguson's decision, competent accountants and well-known managers of important financial institutions in the city have been invited to give their opinions, as to the effect of the course taken by the Company; and the books of the Company have been laid open for their inspection. Their report, which will be read to you, only confirms the Directors in their opinion that whether their interpretation of the Statute has been correct or not, the result of their action has been largely in the interest of the consumer.

The appeal against the Assessment of the Company's mains, referred to in the last Annual Report, came before Chancellor Boyd in July last, and was not allowed. On the advice of the Company's Counsel, the Directors have decided to carry the appeal to a higher Court.

942 services have been put in and more than three miles of mains laid, making the total mileage over 228.

A comparative statement with that of the preceding years shows:

	STREET LAMPS	METERS	GAS RENTAL
Year ending 30th September, 1895.....	1,145	20,626	\$558,590 12
" " " 1894.....	1,164	19,304	544,325 39
	Decrease, 19	Increase, 1,322	Increase, \$14,264 53

The Directors have every reason to approve of the continued careful and judicious management of the Company's affairs by Mr. Pearson; and the other officials of the Company are deserving of commendation for the faithful discharge of their duties.

All of which is respectfully submitted.

JAMES AUSTIN, *President.*

# STATEMENT SHOWING PROFIT

REALIZED BY CONSUMERS' GAS COMPANY OF TORONTO, FROM OCT. 1ST, 1894, TO OCT. 1ST, 1895.

		DR.	\$	c.			CR.	\$	c.
1895					1895				
Oct. 1					Oct. 1				
	To Coal, Bituminous	111,915	42			By Gas Rents	558,500	12	
	" " Anthracite	11,606	70			" Office Rents	2,135	00	
	" " Oil	44,083	42			" Tar	16,301	37	
	" Salaries	28,700	00			" Coke	32,682	30	
	" Auditors	400	00			" Ammoniacal Liquor	6,900	63	
	" Stationery and Advertising	2,126	14						
	" Insurance	2,600	32						
	" Superintendent Works, Stokers and Engineers	47,413	79						
	" Purification - Lime and Wages	9,138	82						
	" Lamplighting	9,810	00						
	" Meter Settings and Indications	12,436	75						
	" Directors' Compensation	9,000	00						
	" Charges at Works	12,300	16						
	" Gas and Meter Inspection	6,101	00						
	" Horse Board and Expenses	1,500	00						
	" Taxes	23,383	36						
	" Sundries	35,320	87						
	" Balance	256,323	86						
		616,168	51					616,168	51
1895					1895				
Oct. 1					Oct. 1				
	To Dividends	170,000	00			By Balance brought down	256,323	86	
	" Interest	78	18			" Interest on Debentures	6,203	70	
	" Profit and Loss	42,530	41						
	" Depreciation of Plant from decline in values	50,000	00						
		302,617	56					302,617	56

J. AUSTIN,  
President.

L. S.

W. H. PEARSON,  
General Manager and Secretary

Examined and found correct—

W. E. SAMPSON,  
THOS. McCRAKEN } Auditors.

TORONTO, 23rd OCTOBER, 1895.

We  
for the year

TORONTO.

r, 1895.

\$ c.

558,500 12  
2,125 00  
16,391 37  
32,682 30  
6,329 65

616,108 51

256,323 86  
6,283 70

252,617 56

nd Secretary

# BALANCE SHEET

OF THE

CONSUMERS' GAS COMPANY OF TORONTO, OCTOBER 1ST, 1895

		LIABILITIES.				ASSETS.		
		\$	c.	\$	c.		\$ c.	
1895						1895		
Oct. 1	Capital Stock			1,700,000	00	Oct. 1	Works, Plant and General Outlay	2,430,364 22
	Reserve Fund, Oct. 1st, 1894	525,625	06				Main Pipes and Specials	15,391 88
	Profit and Loss	42,539	41				Service Pipe and Fittings	2,319 74
							Retorts and Fire Clay, etc	504 03
	Plant and Building Renewal	865,164	47				Coal	37,558 00
	Fund	115,014	88				Oil	3,258 00
				753,149	50		Coke on Hand	7,200 00
	Plant and Building Renewal						Tar	12,094 00
	Fund, Oct. 1, 1894	217,623	21				Oxide of Iron	911 79
	Plant and Building Renewal						Cash	498 75
	Fund from Oct. 1st, 1894, to	115,014	88				Dominion Bank	38,181 88
	Oct. 1st, 1895						Debentures	123,446 53
		332,638	00				Horses and Conveyances	2,140 58
	Less Repairs and Renewals.	45,234	23				Gas Accounts Owning	103,593 00
				287,403	86		Sundry Accounts Owning	11,118 13
	Profit and Loss Reserved for Div-							
	idend 182							
	Sundry Accounts owing							
				2,705,073	78			2,705,073 78

J. AUSTIN,  
President

[ L. S. ]

W. H. PEARSON,  
General Manager and Secretary

We beg to report the completion of the audit of the books and accounts of the Consumers' Gas Company, of Toronto, for the year ending 1st October, 1895, and certify to their correctness.

(Signed) W. F. SAMPSON } Auditors.  
THOS. McCRAKEN }

TORONTO, 23RD OCTOBER, 1895.

# CONSUMERS' GAS COMPANY

The Forty-Seventh Annual Meeting of the Consumers' Gas Company was held at the Company's Office, 19 Toronto Street, on Monday, 28th October, 1895, at noon.

Present:—Sir Frank Smith, James Austin, T. R. Wood, Morgan Baldwin, I. C. Gilmor, Geo. Robinson, Thos. Long, Dr. Larratt W. Smith, Henry Cawthra, W. H. Pearson, Walter S. Lee, David McGee, G. R. Cockburn, M.A., M.P.; Geo. S. C. Bethune, W. N. Eastwood, D. F. Jessop, Henry Swan, J. G. Ramsey, Robt. Gilmor, J. C. McGee, R. W. Boyle, F. J. Phillips, James Henderson, Dr. Grasset, J. Laxton.

The President, being called to the chair, read the Forty-Seventh Annual Report. Having referred to the careful and judicious manner in which Mr. Pearson had managed the affairs of the Company, to whom he said was due most of the credit for the satisfactory statement presented, and spoken in warm terms of the efficiency of the staff, he moved that the Report be adopted. This was seconded by the Vice-President, who took occasion to refer to some matters connected with the Company's affairs. Considering the general business depression and the keenness of the competition from a variety of sources, he thought the result of the year's business highly satisfactory. For the increase in consumption, the Company was indebted principally to the growth of the fuel business. The works were in better condition than ever, and owing to the skill and ability displayed by the Manager and his indomitable energy and perseverance the various departments of the Company's business were in a most efficient condition. He read some of the provisions of the Act of 1887, and explained to the Stockholders the technicalities of the suit now pending against the Company, showing that should it in the end be found that the Directors had wrongly interpreted the Act, the Consumer would be the loser, as the course taken by the Company in investing the Reserve where it would yield the largest return, was quite as much in the interest of the Consumer as of the Stockholder. Expert accountants had stated that the investment of the Reserve in the Company's business had yielded at least one-half as much more than could have been realized from its investment in debentures. He referred to the difficulty of carrying out the provisions of the Act according to the interpretation put upon it by Mr. Justice Ferguson, and suggested the advisability, if possible, of obtaining some legislation to place matters on some clearer and better footing, and as a Committee of the City Council had recently invited a Committee of the Board to a conference, something may possibly result from it. Meanwhile on the advice of Counsel, who were sanguine as to the result, the Company had appealed against the judgment in the Johnston case. In supporting the motion for adoption, Sir Frank Smith said that although he did not often speak at the meetings, he felt he could not let the present opportunity pass without referring to the baseless charges which had been made against the Company. He proceeded to show that the Directors had always dealt fairly and even liberally with Gas Consumers, and when the financial position of the Company had warranted it, reductions had been made in the prices of gas. They had not waited until the law compelled them to do so; if they had they would probably be waiting yet, and it might be many years before they could reduce the price again, if it should eventually be held that the Company's accounts must be arranged as has been claimed by a Consumer who has brought suit against the Company. It was the general impression that the Stockholders of the Consumers' Gas Company received 10 per cent. upon their investment. He would state that from 5.05 per cent. to 5.15 per cent. was all that could be made after payment of premium and broker's commission. Referring to the comparisons which had been made with other cities—Cleveland in particular—Sir Frank claimed that, allowing for the difference in the cost of coal (including duty) in Toronto and Cleveland, the price of gas supplied in Toronto was lower than in that city, to say nothing of the better quality of the gas, and, taking the circumstances into account, lower than in any other city on the continent. He contended that outsiders, who posed as critics of the Company, were not in a position to dictate to the Directors what they should or should not do, not knowing the circumstances and difficulties with which they had to deal. Mr. T. R. Wood followed with some very forcible and pertinent remarks, confirmatory of the statements made by Sir Frank Smith, after which the Report was unanimously adopted.

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A resolution expressing the thanks of the Stockholders to the President and Vice-President for their efficient services during the year was moved by Mr. W. S. Lee, seconded by Mr. David McGee, and carried unanimously.

Mr. Henry Swan, in a few well-chosen and commendatory remarks, moved, seconded by Mr. R. W. Boyle, "That the thanks of the Stockholders are justly due to the General Manager and Secretary, and the other officers and employees of the Company, for the zeal and efficiency displayed by them in their several departments during the past year," which resolution was carried unanimously. The Manager expressed his gratitude to the Stockholders for the terms in which his services had been referred to, and spoke in the highest praise of the services rendered by the other officers and employees of the Company. He had at the last Annual Meeting entered so fully into the details of the business and prospects of the Company and had then so fully replied to the charges which had been brought against the Company, that he would not take up the time of the meeting by repeating himself; and the report just read had given a fair synopsis of the year's business. He read the following questions which the Directors had authorized him to submit to the well-known Chartered Accountants, Messrs. Clarkson & Cross, together with the answers received. The substantial correctness of the answers had been confirmed by Mr. Walter S. Lee, Manager of Western Canada Loan and Savings Company, and Mr. Andrew Rutherford, Manager of the Canada Landed and National Investment Company:

1 Q.—State, as the result of your investigations into the workings of the Company's business, which investment would produce the larger profit, that in the Company's own business, or in debentures, and what would the difference be?

A.—Capital employed in the works of the Company would yield at least one-half as much more than the same investment in municipal debentures.

2 Q.—Had the Company invested the whole instead of a portion of its Reserve Fund in debentures, as named in the Act of 1887, and to have enabled them to do this, had disposed of stock at the average price realized on stock sold since the passing of the Act in 1887 (77 per cent.), would it, or would it not have been more profitable to the Company, and what would the difference have amounted to?

A.—The Company would have lost in above period \$172,600 had all the Reserve been invested in debentures instead of in its own works.

3 Q.—As the Company is not compelled by the Act to reduce the price of gas until after the Reserve Fund has reached a certain percentage of the capital, is it not manifestly to the interest of the gas consumers that the profit should be greater instead of smaller?

A.—Clearly to the permanent advantage of both the consumers and Shareholders.

4 Q.—From your examination of the accounts, state whether or not the Company has availed itself, in all cases, of the right given to it by the Act, to carry 5 per cent. upon the value of the plant and buildings in use at the end of the year, to the credit of Plant and Buildings Renewal Fund each year, and if not, what additional sums might have been carried to this fund in accordance with the powers conferred by the Act? Had the Company credited the Renewal Fund with such additional amount, would not the Reserve Fund have been reduced to that extent?

A.—The Reserve Fund as it appears in the last published Annual Report, is \$140,122.46 more than it would have been had the Company availed itself of the statutory provisions regarding renewals.

We submit statements of data, methods and calculations setting forth the grounds upon which the above answers rest.

Signed: CLARKSON & CROSS, Chartered Accountants.

We have carefully examined and verified the data and calculations upon which the above answers rest, and have thoroughly satisfied ourselves of their substantial accuracy.

Signed: WALTER S. LEE, Managing Director Western Canada L. and S. Co.  
A. RUTHERFORD, Manager Canada Landed and N. I. Co.

These answers, he considered, fully disposed of the charge that the course taken by the Directors had been inimical to the interests of the consumers. The Company had kept fully abreast with others in the introduction of improvements in manufacture and labor-saving devices, by which the cost of gas had been reduced and the quality improved. He did not look for any further improvements in the near future which would materially reduce the cost of gas, and therefore, in his opinion, the Company should go slowly in making further reductions in price—especially as the prices of gas were already lower than in any other city similarly circumstanced in America. He referred to the large amounts paid for taxes and gas and meter inspection and the proposed discontinuance, by the city, of some hundreds of street lamps. He spoke of the increase which had taken place in the consumption of gas for fuel purposes, and had every confidence that the increase would continue at a rapid ratio.



The following resolution was then moved by Mr. James Henderson, seconded by Mr. Thos. Long and carried unanimously:

"That after considering the Annual Report, just read, the report of expert accountants and the observations thereon, this meeting entirely approves of the course taken by the Directors on the advice of Counsel for protecting the interests of the Stockholders, in the suit now pending against the Company at the instance of a Consumer, and is at the same time perfectly satisfied that whatever may eventually be held to be the true construction of the late Act affecting this Company, the action of the Directors, under it, has been clearly to the advantage of the Consumer as well as to that of the Shareholder, and, in view of the fact that the City authorities have appointed a Committee to confer with the Board of this Company, this meeting would authorize the incoming Board to comply with that request and to make such arrangements as, in their judgment and that of their Counsel, may be considered in the best interests of this Company and those of the Consumers; but should they fail to come to any satisfactory conclusion, that such proceedings be undertaken with the advice of Counsel, as may be deemed proper for the protection of the Company."

On motion of Mr. W. N. Eastwood, seconded by Mr. J. C. McGee, Messrs. Sampson and McCracken were appointed Auditors for ensuing year.

Mr. Robert Gilmor and Mr. W. S. Lee were appointed Scrutineers, and reported the following gentlemen unanimously re-elected Directors for the ensuing year:—Samuel Alcorn, James Austin, M. Baldwin, G. S. C. Bethune, Henry Cawthra, Geo. R. R. Cockburn, M.A., M.P.; I. C. Gilmor, Geo. Gooderham, Jas. Scott, Sir Frank Smith, L. W. Smith, D.C.L., Q.C.; and Thos. R. Wood.

At a Board Meeting held subsequently, James Austin, Esq., was unanimously re-elected President and L. W. Smith, Esq., D.C.L., Q.C., Vice-President for the ensuing year.