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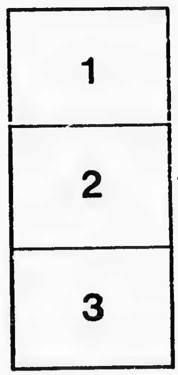

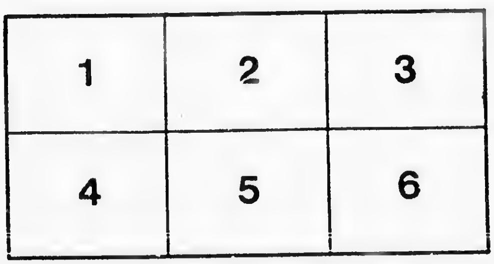

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THE

GAS GRIEVANCE

AND REMEDY;

A BRIEF HISTORY OF THE PROGRESS

OF

GAS MANUFACTURE

IN TORONTO.

THE GAS GRIEVANCE AND REMEDY.

To Gas Consumers, a brief narrative of the progress of Gas manufacture in Toronto, may prove not only interesting, but instructive, particularly in the near prospect of a new work being erected.

In 1841, the City Corporation granted, at a nominal rent, a forty-two years' lease of a Water Lot, 66 feet, fronting on Palace Street, and extending several hundred feet South to the line of navigation, to Albert Furniss, Esq., and others, known as the Toronto Gas Light and Water Company, expressly for a Gas Work. On this was erected a plain but substantial house, containing probably 20 to 30 Retorts, capable of producing 50,000 feet of Gas every twenty-four hours. The price of Gas, frequently very impure and unwholesome, was $5 per thousand feet cash, and was the subject of much dissatisfaction and complaint. At length, on the 29th October, 1847, a number of gentlemen organised themselves under the presidency of the late Charles Berczy, Esq., and formed the Company now known as the Consumers' Gas Company, for which a charter was obtained, and among others for the following reasons:—"That the great "demand for a cheap and effective mode of lighting the streets and places of "the said City, as well as the houses and shops, that more than one Company "should be established." Thus ignoring monopoly. It was further provided that, "the Stockholders shall not divide more than 10 per cent. annually," in order that the Consumers should enjoy the benefit of any surplus by a corresponding reduction in the price of Gas. A Gas Engineer was employed, plans and specifications obtained, and sent to not fewer than twenty Iron Works in the West of Scotland. Contracts for a large portion of the castings were received and accepted, at prices low beyond all precedent in Canada, which was no sooner known, than proposals were made by the Toronto Gas Light and Water Company, to sell out that concern and take in part, Stock in the new one, and the balance in their debentures, which offer was finally accepted. The price to be given for the works was considered by the Engineer double their value, as a few months afterwards proved. Owing to the judicious reduction of 20 per cent. in the price of Gas producing a growing demand, the mains to render them effective had to be replaced by others of greater capacity, throughout their extent, and much of the apparatus required enlargement.

In 1850, a further reduction of 16⅔ per cent. took place, thus the descending scale worked wonders, and infused fresh vigour among the citizens.

The Directors' Report of 1851, has the following:—"In consequence of the "increased consumption of Gas, the Directors were happy to have it in their "power during the past year, to make a further reduction of 10 per cent., thereby "reducing the cost to 15s. per thousand feet, or 40 per cent. below the price charged "before the present Company assumed the works, besides supplying Gas of a "purer quality; and should the increase in the consumption of Gas continue "in the same proportion, it is reasonable to expect that a still further reduction "may be made." The Directors further report that they have purchased the lease of the adjoining lot to the West of the Works, of similar dimensions to the former, that a new Gas holder is being erected, and that this additional accommodation will answer all the purposes of the Company for several years, as it contains sufficient space for a large increase of machinery.

The Report of the Directors for 1853, contains the following paragraph :—

"The number of new consumers or the books of the Company during the "past year, amounts to 200, showing an increase of 40 per cent.,—the total "number at the present time being over 700. In fact, since the reduction of "Gas to 12s, 6d. per thousand feet, the prospects of the Company have been "most encouraging; and if proper economy continues to be observed, your Di- "rectors feel confident that the affairs of the Company will still prove prosper- "ous; and notwithstanding the many reductions that have been made, the di- "vidends will be paid regularly as heretofore." Thus far the concern seems healthy.

It is a recognised axiom, that as demand creates supply, so does it diminish expense of manufacture. To illustrate how far this is the case with the Consumers' Gas Company of Toronto, reference to the subjoined accounts current, and balance sheets for 1853 and 1859 respectively, will show—the first with Gas charged 12s. 6d. per thousand feet, and paying 10 per cent. dividend—the latter with Gas charged 16s. 8d. per thousand feet, and paying 8 per cent. dividend only.

The Stockholders in account with the President and Directors, for the Year ending 30th September, 1853.

Dr. **Cr.**

RECEIPTS.	£.	s.	d.	DISBURSEMENTS.	£	s.	d.
To Gas Rental, 700 Consumers at 12s. 6d. per M. feet, besides Public Lamps	6,256	12	2	By Coal for 1853	1,818	19	2
To Offal sold	457	7	5	By Sundry Expenses	1.732	13	9
To Fittings	361	3	10	By Profit, carried down	3,526	2	7
To Meters	2	12	1				
	£7,077	15	6		£7,077	15	6
	£	s.	d.		£	s.	d.
To Profit, 1852, forward	1,300	10	10	By Dividend of 10 per cent	2,205	3	6
To do brought down	3,526	2	7	By Interest on Bonds and Debentures	1,010	12	3
				By Compensation to Directors	80	12	6
				By Profit Surplus	1,530	5	2
	£4,826	13	5		£4,826	13	5
To profit to new account	£1,530	5	2				

Balance Sheet for 1853.

LIABILITIES.

	£	s.	d.
To Bonds to Gas and Water Co'y....	12,000	0	0
To Debentures....................	2,200	0	0
To Bills Payable..................	5,277	14	1
To Sundry accounts................	6,643	0	5
To Balance carried down...........	25,390	5	2
	£51,510	19	8

ASSETS.

	£	s.	d.
By General Outlay on Works.......	40,935	9	5
By Small's Wharf..................	500	0	0
By Lot on Toronto street, amount paid up........................	106	10	1
By Building.......................	1,531	15	4
By Furniture, Office and Shop Fixtures...........................	235	16	3
By Tools..........................	90	0	0
By Fittings.......................	1,500	0	0
By Coals..........................	2,523	12	6
By Cash...........................	19	8	2
By Bank of Montreal...............	40	8	9
By Meters.........................	665	8	3
By Sundry Accounts................	1,053	0	0
By Sundry for Rent................	1,359	10	11
By Sundry for Workmanship.........	200	0	0
By Sundry for Fittings............	750	0	0
	£51,510	19	8

		£	s.	d.
Oct. 1, 1853, Balance brought down				
1699 Shares of Stock, paid up......		21,237	10	0
701 do do	£8762 10 0			
Less Instalments, not yet, paid..................	6140 0 0			
		2,622	10	0
Profit as per account..............		1,530	5	2
Balance........................		£25,390	5	2

The Stockholders in account with the President and Directors, for the Year ending 30th September, 1859.

Dr. **Cr.**

RECEIPTS.

	$	cts.
To Rent 1763 Consumers at $3 33⅓ per M. feet, besides 964 Public Lamps..	111,981	18
To Offal sold..........................	6,376	08
To Fittings sold......................	788	83
To Office Rents.......................	562	50
	$119,708	59

DISBURSEMENTS.

	$	cts.
By Coal Imported, 1859...............	33,048	56
By Sundry Expenses...................	34,033	98
By Profit, carried down..............	52,626	05
	$119,808	59

	$	cts.
To Profit, from 1858, surplus........	15,074	34
To Profit, from above................	52,626	05
	$67,700	39
To Balance, surplus profit, from above.	$20,581	88

	$	cts.
By Dividend, only 8 per cent.........	31,986	85
By Interest, Bonds, Debentures, and Mortgages........................	13,119	66
By Directors' Compensation...........	1,412	00
By vote to President.................	600	00
By Balance to new account............	20,581	88
	$67,700	39

Balance Sheet for 1859.

LIABILITIES.	$ cts.
To Bonds, to Gas Light & Water Co....	48,000 00
To Debentures....................	64,000 00
To Mortgages....................	14,000 00
To Bills Payable..................	18,131 25
To Sundry Accounts...............	13,586 52
To Balance, carried down...........	420,581 88
	$578,299 65

ASSETS.	$ cts.
By General Outlay on Works..........	486,271 28
By Lot on King Street..............	7,323 68
By Lot on Toronto Street............	968 64
By Building.....................	8,023 44
By Cash	291 83
By Bank of Upper Canada...........	5,310 79
By Bills Receivable...............	433 47
By Coal........................	25,701 10
By Meters......................	6,630 48
By Fittings.....................	6,300 90
By Tools	2,154 00
By Furniture....................	1,081 37
By Sundry Accounts...............	2,809 57
By Sundry Accounts, for Rent.........	23,500 00
By Sundry Accounts, for Fittings.....	1,500 00
	$578,299 65

		$ cts.
1859.—October 1. By Balance, brought down—		
8000 Shares Stock, paid up.	$400,000 00	
Profits as per statement...	20,581 88	
		420,581 88

Comparative Table.

Year.	*Consumers.*	*Rate.*	*Revenue.*	*Charges.*	*Interest.*	*Compensation.*	*Dividend.*	*Rate.*
1859	1,763	$3.33⅓	$119,708	$67,082	$13,119	$2,012	$31,986	8
1853	700	2.50	28,301	14,206	4,042	324	8,820	10
Increase.	1,063	$0.83⅓	$91,407	$52,876	$8,087	$1,688	$23,166	*
Per Cent.	152	p.c. 33⅓	p.c. 282	p.c. 372	p.c. 224	p.c. 521	p.c. 263	

* The only decrease is of Dividend—2 per cent.

The foregoing Accounts Current, Balance Sheets, and Comparative Table, exhibit the anomaly, that notwithstanding an increase of 33⅓ per cent. in the charge for Gas, the Directors are unable to pay the usual dividend, and are obliged to content themselves with 8 per cent.

These documents further show that 33⅓ per cent. increase in price, 152 per cent. increase in number of consumers, and 323 per cent. in revenue, produce, contrary to all precedent, 372 per cent. increase in general expenses, instead of a proportionate reduction. But this is not all. Interest on borrowed money has increased 224 per cent., and worst of all, compensation to Directors 521 per cent. The only decrease being 2 per cent. on the dividend.

The Directors have long since been asked for a solution of this paradox, but have abstained hitherto from replying.

The Directors' Report of 1851, expatiates in the most glowing terms of the growing prosperity of the enterprise, attributing its success to the repeated reductions in the price of Gas. Further, they find it necessary to purchase the lease of the adjoining lot for the extension of the works, which they say will answer all the purposes of the Company for several years.

In 1853, the Directors reiterate, in terms if possible still stronger, their continued success, owing to the further abatement to 12s. 6d per thousand feet, and confirm the same by intimating, that not less than 40 per cent.—200 new Consumers—have been entered on their books since last reduction. Prosperity has been the ruin of many, and it is to be feared that the Gas Company is no exception. The Directors, not content with the unpretending structure, with works capable of producing more Gas than is now daily consumed, which only cost $164,000; and having abundance of money to invest at 10 per cent. on good security, were advised to erect a monument of folly, which, with the former works, cost $490,000, to enlighten posterity and prove a beacon for their guidance in investments; but since Gas Light has become a necessary of life, the citizens must submit to be taxed, or go without it.

No trouble can exist without a cause and a remedy. A comparison of parallel cases may serve to throw some light on the subject.

The following table presents the chief cities of Canada in their relative Gas Light positions, as regards population and capital, collectively and individually :—

	Population.	Capital.	Per Head.	Price.
Montreal,	80,000	$300,000	$3 75	$3 25
Quebec	60,000	200,000	3 33⅓	3 00
Toronto,	50,000	400,000	8 00	3 33⅓

In addition to $400,000 Capital all paid up and invested, Toronto Gas Company labours under a floating debt of more than $150,000, being a total $550,000 —averaging $11.12 for each inhabitant, and the Gas Rent equals $2.24 per head annually.

Toronto looms large in the aggregate in having

More Capital.	Less Population.	Dearer Gas,
33½ per cent.	60 per cent.	2 per cent. than Montreal.
100 per cent.	20 per cent.	11 per cent. than Quebec.

The engineering difficulties in Quebec and Montreal were very great, in comparison with Toronto, which is unsurpassed in adaptablity for Gas Lighting, with a fine blue clay bottom, and gentle inclination of surface. Some other and better reason, therefore, must be found for the disparity in cost of construction, for it is all in favour of Toronto.

The Directors of the Gas Company have been always esteemed men of integrity, prudence, and caution; but will it be believed, that in the management of its business, they have grievously lacked in the attributes which they display in conducting their own affairs? But beyond the error in buying out the old Company at double its value, and acquiring freehold for offices, work-shops, &c., costing $16,315, returning only $3.44 per cent.—(see Balance Sheet, 1859)—up to 1853, there is not much to complain of, for at this time the general outlay on works was not quite $164,000, paying 10 per cent. dividend, with Gas rent $2.50 per thousand feet, showing a surplus profit of $6,120 carried to new account.

It must be admitted that the Directors were premature, injudicious, and unwarranted, in constructing new works on the Brewery lot, ere necessity required it, and while the old works could have supplied much more than the present consumption. But had necessity justified the enormous outlay involved in the undertaking, why, in the name of common sense, were not offers of contract advertised for among the Iron masters of Scotland, the best and cheapest market, which has furnished the greater part of the civilized world with its machinery, besides having to deal with men, whose reputation and experience, independent of wealth, would have been a guarantee for the honest fulfilment of any contract. Instead of which, without guarantee, and very few words, the works were given to an alien, and the castings to a foreign state, which has received its principal supply of Iron from Scotland. How that alien executed the work, although somewhat of a secret, is matter of history, and ought to be known to the Gas consumers of this city. The new works were scarcely tried, when symptons of breaking down were apparent, and shortly afterwards a chimney gave way. To remedy which, a large portion of the buildings, together with the chimnies, defective in draught, had to be [illegible]wn and remodeled at great expense and loss. Not long after th[illegible] 'as holder upset, owing to the omission of the most simple but [illegible]ecaution, when in construction; all of which cost many thousand do[illegible]t. The Directors for all this may take blame to themselves, for did [illegible]rudence preside at their Board, no irresponsible alien would have been engaged.

The balance sheet for 1860, which has been received since the foregoing was written, presents no new feature beyond the facts:—An increase of 13 Public Lamps, and a decrease of Gas rent of upwards of $7,000, probably owing to the high price, and the disgust of the consumers. What might this falling off amount to had not the Prince's visit come to the relief? There is, however, a further increase in General Outlay on Works of $4,652.

The figures, *where applicable*, will form data for showing what should and might have been the realized profit for the past year, provided the Directors had been satisfied with the general outlay on works, $164,000 in 1853—otherwise with a Quebec population of 60,000 and capital of $200,000.

Estimate, showing the profit that should and might have been realized for the year ending 30th September, 1860, with $200,000 capital, similar to the Quebec Company, but having 20 per cent. greater popalation than Toronto.

Balance Sheet.

By Gas Rent at $3⅓ per M feet		$104,833
By Offal		5,413
		$110,246
FITTINGS AND OFFICE RENTS REPUDIATED.		
To Coals, Lime, Stokers' and Lamplighters' Wages	$35,202	
To Retorts and Street Lamps	6,403	
To Purifiers and Tools	1,507	
To Taxes and Salaries	5,428	
To Rent of Water Lots, Stationery and Postage	405	
To Auditors and Scrutineers	203	
		49,148
Gross Profit realized at $3⅓ per M feet		$61,098
Carry Forward,		$61.098

Brought Forward,		$61,09[illegible]
To Vote to President and Directors	$ 1,970	
To Dividend, 10 per cent. on $200,000	20,000	
		21,970
Net profit realized at $3½ per M feet		$39,122
Deduct from this 25 per cent. of Gas Rent, which shows		27,561
The Surplus profit, realized at $2.50, instead of $3½ per M feet		$11,561

The above disbursements afford a margin for retrenchment.

The large outlay on works, $496·923, may be characterized as a myth. What sane person would give 30 per cent. for them? What has become of the original works bought from the Toronto Gas and Water Company? What has become of the works built on the adjoining lot? To what account was the expense of pulling down and re-building the fallen chimnies carried—or the re-adjusting of the upset Gas-holder? Unproductive freehold should be sold, and the Directors, though empowered by charter to divide to the stockholders 10 per cent. profits, have no right to tax the Gas consumer for the benefit of generations yet unborn.

It has been shown that $\frac{3}{5}$ths more money has been sunk in Toronto, with 11 per cent. dearer Gas, than in Quebec; that nothing has been allowed, or written off, for depreciation or loss of material, with no prospect of any, and unless the consumers with indignation rise in their might and help themselves, the present Company will have their pound of flesh until this is done.

All is not yet told. There is a canker-worm at the core. If the Directors don't know it, they ought; if they do, they disguise it well.

A SUFFERING GAS CONSUMER.

TORONTO, December, 1860.

The Gas grievance remedy.—Prospectus of a new Company forthcoming.

....	$61,098
............$ 1,976	
.... 20,000	
	21,976
....	$39,122
....	27,561
....	$11,561

ment.

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