

1894

FORTY-SIXTH ANNUAL REPORT OF THE CONSUMERS' GAS COMPANY OF TORONTO

In presenting to the Stockholders the Forty-Sixth Annual Report, the Directors are pleased to be able to say that the business of the Company has continued in a satisfactory condition.

920 services have been put in, and over four and a quarter miles of mains have been laid, making the total mileage nearly 225.

There has been but a moderate increase in the quantity of gas sold, over that of the previous year. Notwithstanding this fact, and the reduction in prices made in April, 1893, the profit for the year has not fallen far short of that of 1893. Decreased prices for coal and oil, and further improvements in manufacture, have enabled the Company to secure this satisfactory result.

The Company, in addition to a large assessment on its real property, has recently been assessed upon its street mains to the extent of \$500,000.00. This extra assessment has been confirmed by the County Judge, and the tax has been paid under protest, pending an appeal to a higher tribunal. Should this further expenditure be imposed it will lessen the Company's ability to reduce the price of gas, which the Directors would exceedingly regret.

The Directors can with much satisfaction refer to the fact that the prices for gas in Toronto, averaging 98 cents per thousand, are—considering the circumstances of the Company as to location and the cost of materials—as low as in any place in America, and lower than in many large cities where coal, oil and other materials are considerably cheaper; and the Directors would recommend to their successors the advisability of continuing to carry out the policy of supplying the gas at the lowest figures, having due regard to the interests of the Stockholders and the efficiency of the service.

The General Manager has had the distinguished honor of being unanimously elected President of the American Gas Light Association, and is the first Canadian who has been appointed to that position.

A comparative statement with that of the preceding year shows:—

	STREET LAMPS	METERS	GAS RENTAL
Year ending 30th September, 1894.....	1,164	19,304	\$544,325 59
Year ending 30th September, 1893.....	1,189	17,702	551,617 50
	Decrease.....25	Increase, 1,602	Decrease, \$ 7,292 31

The Directors have pleasure in again testifying to the value of the services of their able Manager, and to the continued efficiency of his staff.

All of which is respectfully submitted.

JAMES AUSTIN,
President.

STATEMENT SHOWING PROFIT

REALIZED BY CONSUMERS' GAS COMPANY, FROM OCTOBER 1ST, 1893, TO OCTOBER 1ST, 1894.

DR.		\$	c.	CR.		\$	c.
1894 Oct. 1	To Coal, Bituminous	104,861	30	1894 Oct. 1	By Gas Rents	544,325	39
	" Anthracite	23,320	00		" Office Rents	2,082	42
	" Oil	45,075	89		" Tar	20,940	71
	" Salaries	29,156	07		" Coke	30,050	51
	" Auditors	600	00		" Ammoniacal Liquor	6,502	97
	" Stationery and Advertising	2,403	83				
	" Insurance	2,644	94				
	" Superintendent Works, Stokers and Engineers	46,966	00				
	" Purification—Lime and Wages	11,386	86				
	" Lamplighting	9,822	00				
	" Meter Settings and Indications	11,277	83				
	" Directors' Compensation	9,000	00				
	" Charges at Works	10,970	16				
	" Gas and Meter Inspection	4,854	09				
	" Horse Board and Expenses	1,778	54				
	" Taxes	23,065	78				
	" Sundries	9,419	71				
	" Balance	202,698	51				
		600,002	23			600,002	23
1894 Oct. 1	To Dividends	108,746	65	1894 Oct. 1	By Balance	202,698	51
	" Interest	4,573	69		" Interest on Debentures	7,728	93
	" Profit and Loss	47,344	82		" Interest	297	09
	" Depreciation of Plant	20,662	00				
		270,065	16			270,065	16

J. AUSTIN,
President.

L. S.

W. H. PEARSON,
General Manager and Secretary.

Examined and found correct—

C. C. BAINES,
Per THOMAS MCCRAKEN, per tem. } Auditors.
W. E. SAMPSON,

TORONTO, 26th OCTOBER, 1894.

We
for the year

TORONTO, 2

BALANCE SHEET

OF THE

CONSUMERS' GAS COMPANY OF TORONTO, OCTOBER 1ST, 1894.

894.

\$ c.

544,325 59
2,082 42
20,940 71
30,000 51
6,302 17

600,002 21

302,098 51
7,728 95
257 00

270,655 16

return.

LIABILITIES.		\$	c.	\$	c.	ASSETS.		\$	c.
1894 Oct. 1	Capital Stock			1,700,000	00	1894 Oct. 1	Works, Plant and General Outlay	2,491,021	19
	Reserve Fund, Oct. 1st, 1893	742,708	12				Main Pipes and Specials	19,150	34
	Premium on Stock	82,800	00				Service Pipes and Fittings	4,655	52
							Retorts, Firebricks, etc.	3,672	39
	Profit and Loss, Oct. 1st, 1894	825,625	00				Coal	34,044	82
		47,344	82				Oil	853	31
	Less Plant and Building Renewal Fund	872,900	88				Coke	2,770	00
		47,344	82				Tar	3,300	00
	Plant and Building Renewal Fund, Oct. 1st, 1893			825,625	00		Oxide of Iron	39	45
	Plant and Building Renewal Fund from Oct. 1st, 1893, to Oct. 1st, 1894	230,171	13				Cash	284	25
		47,344	82				Dominion Bank	44,708	53
	Less Repairs and Renewals	280,515	95				Debitures	129,246	53
		65,982	74	217,625	21		Gas Accounts Owning	91,000	00
	Profit and Loss						Horses and Conveyances	2,146	58
	Reserved for Dividend No. 178						Accounts Owning	13,983	87
	Accounts Owning								
				2,811,129	80				
								2,811,129	80

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, 1894, and certify to their correctness.

(Signed) C. C. BAINES,
Per THOMAS McCLEAREN, *pro tem.* } Auditor's.
W. E. SAMPSON,

TORONTO, 26th OCTOBER, 1894.

CONSUMERS' GAS COMPANY

The Forty-Sixth Annual Meeting of the Consumers' Gas Company was held at the Company's Office, 19 Toronto Street, on Monday, 29th October, 1894, at noon.

Present:—The President, the Vice-President, M. Baldwin, James Scott, Walter S. Lee, R. Gilmor, G. R. R. Cockburn, M.A., M.P.; I. C. Gilmor, Robert Gooderham, W. H. Pearson, W. N. Eastwood, Chas. E. Hooper, Sir Frank Smith, Samuel Aleorn, T. R. Wood, Jas. Henderson, E. A. Scadding, G. S. C. Bethune, John Lyman, John Stewart, Col. F. C. Denison, R. W. Boyle, J. C. McGee, Oliver Gilpin, I. M. Chaffee, S. D. Mills, D. F. Jessopp and James S. Robertson.

The President, being called to the chair, expressed his gratification at being able to present to the Stockholders so favorable a report, much of the credit for which, he said, was due to the ability and zeal displayed by the General Manager in the conduct of the affairs of the Company. The Company's staff throughout was a model one, and he did not know of any particular in which improvement could be suggested.

On motion of the President, seconded by the Vice-President, the Report was unanimously adopted.

Col. F. C. Denison moved, seconded by Mr. John Stewart, a resolution of thanks to the President, Vice-President and Directors for their services during the year, which was carried unanimously.

Sir Frank Smith, on behalf of the Board, thanked the Shareholders for their resolution, and took occasion to remark that whenever the circumstances of the Company's business would allow it he would strongly advocate a reduction in the price of gas. The Directors would always do the best they could in the interests of the citizens, as well as of the Stockholders, without fear or favor.

A resolution of thanks to the General Manager & Secretary, and other officers and employees of the Company, was then moved by Mr. James Henderson, seconded by Mr. C. E. Hooper, and was carried unanimously. In supporting this resolution the Vice-President spoke at length upon the value to the Company of the services of the Manager. The Report, he said, would not have been as favorable but for Mr. Pearson's efforts. The untiring energy and skill which he had displayed in every department, and his sound judgment, had been worth many thousands of dollars to the Company, while his integrity was unimpeachable. The improvements which he—aided by the very competent Superintendent of Works—had effected in the manufacture of gas and in the construction of the works, had resulted in the Company's being able to reduce the price of gas from time to time, until to-day it was being supplied in Toronto at a lower rate than in any large city on this continent, with perhaps one or two exceptions, where unusual advantages are enjoyed.

The General Manager and Secretary said he was exceedingly obliged for the very kind and laudatory remarks made regarding himself, but while not questioning the sincerity of the gentlemen who had spoken, he felt they had overrated his services. A great deal of credit was due to the other officers and staff, who had so efficiently and faithfully assisted him. He continued as follows:—

The Report for the past year, now laid before you, will, I think, be considered, on the whole, a satisfactory one. Taking into account the general business depression which has prevailed during the year—rendering economy necessary on the part of many gas consumers—and the competition which the Company has had to meet from other systems of lighting, that there should be any increase in the consumption, is cause for congratulation. The increase actually amounts to 3.56 per cent., and is largely due to the increased use of gas for fuel purposes, which branch of the business continues to grow rapidly.

Comparing the Reports of 1893 and 1894, it will be observed that the gross profit for the past year—\$262,668.51—is within \$1,609.21 of that of the preceding year, notwithstanding the large reductions made in the prices of gas in April, 1893 (which only affected the profits in 1893 to a limited extent, as from April to October a comparatively small quantity of gas is consumed),

and the fact that the amount of taxes paid in 1894, exceeded the amount paid in 1893 by \$8,627.03. The reasons for this pleasing result are given in the printed report, and as I shall say something upon the subject further on, it will only be necessary for me just now to allude to the fact.

Owing to unfair and persistent attacks upon the Company from a certain quarter, there is a somewhat general impression prevailing, that the Company is charging exorbitant prices for gas, and at the same time paying large dividends and piling up an immense and unnecessary reserve fund. I shall endeavor to show you that this impression is utterly groundless.

The principal reason given why this Company should reduce the price of gas is that in the city of Cleveland, Ohio, gas is sold at 80 cents per thousand cubic feet, and it is urged that it should be sold at the same rate in Toronto. Now, as a matter of fact, the average price charged in Toronto, is only 98 cents per thousand cubic feet—just 18 cents more than in Cleveland—and as the cost of bituminous coal in Toronto is \$1.75 per ton of 2000 lbs. higher than it is in Cleveland, this item alone makes a difference of 18 cents per thousand in the cost of manufacture, in favor of Cleveland, which sum is exactly equal to the difference in the price of gas. In other words, if this Company got its coal at as low a price as the Cleveland companies, it could sell its gas as low, and make as much profit as it now does. This is saying a great deal, as in no other large city in the Union is the price as low as that charged in Cleveland; but this is not all, the quality of the gas supplied there is but 18 candles, while in Toronto it is 21 candles, or about 17 per cent. higher. It will thus be seen that this Company has no reason to fear a comparison even with Cleveland.

Comparisons have also been made with England—particularly with the city of Manchester, where it is stated that gas is sold at 2s. 6d. As a matter of fact the prices in Manchester, range from 2s. 6d., or 61 cents, to 3s., or 73 cents per thousand. It is manifestly unfair to make a comparison between the city of Manchester and the city of Toronto, on account of the much larger population of the former, the immense output of gas—six times as much as in Toronto—and the fact that the works could be erected at a very much less cost than they can on this side of the ocean, the capital per thousand feet of gas supplied, being but \$1.83, while in Toronto, reckoning the amount actually invested in the Company's business, it is \$4.13 per thousand, or 125 per cent. more than in Manchester. Besides, wages and most of the materials required, cost much less in Manchester, and the residuals can be more profitably disposed of than in Toronto, while the gas is of lower illuminating power. The same argument holds good with regard to England as a whole.

In making comparisons the only fair way is to compare the prices charged in Toronto with places somewhat similarly situated, and that you may see our true position, I herewith give you a list of the prices charged in a number of American cities: Washington, \$1.25; Indianapolis, \$1.25; Chicago, \$1.15; and \$1.20 for light, \$1 for fuel; Louisville, \$1.30 for light, 75 cents for fuel; Baltimore, \$1.25; Boston, \$1; Detroit, \$1 for light, 80 cents for fuel; Minneapolis, \$1.60; St. Paul, \$2 and \$1.50; St. Louis, \$1.18; Newark, \$1.34; Albany, \$1.70 and \$1.50; Brooklyn, \$1.25; New York City, \$1.25; Buffalo, \$1; Rochester, \$1.25 and \$1; Philadelphia, \$1; Montreal, \$1.30 for light, \$1 for fuel, and meter rents charged; New Orleans, \$1; Jersey City, \$1.75; Syracuse, \$1.30; Cincinnati, \$1; Pittsburgh, \$1; Providence, \$1.20. The prices of many of these companies have only recently been reduced to the figures named. As already stated, the average price in Toronto is only 98 cents, and no meter rent is charged, as is done in some of the places referred to. This alone, at the rate charged by another company, would amount to nearly \$40,000 per annum, for the meters supplied in Toronto free.

This Company has also been handicapped, through having been obliged, at very large expenditure, to lay many miles of mains for the supplying of street lamps in outlying districts, where, in many instances, there neither were nor are any private consumers. What makes it the more aggravating, is that after all this large expense had been incurred for the benefit of the city, nearly all of the lamps in these districts, have been discontinued, and electric lights substituted for them. For the population, the miles of main laid, is probably greater than in any city in America. For example, the number of miles laid in Montreal is but 113, in Boston 132 miles, while the mileage in Toronto, with a much smaller population, is 225.

A little explanation will be sufficient to show the fallacy of the charge of the payment of large dividends. The Company, by its charter, is authorized to pay dividends at the rate of 10 per cent. per annum, which is no more than a large number of British companies who are so frequently held up as examples are now paying—while some are paying a considerably higher rate. The dividends of the great London companies, range from 7½ to 15½ per cent., and those of a number of others from 10½ to 17½ per cent. These figures are taken from the Gas, Water and Electric Light Companies' Directory for 1894, and are authentic.

Unfortunately, comparisons cannot be made with the United States companies, of which—excepting in the case of the State of Massachusetts, where ten per cent. and over is paid, in a number of instances—the rate of dividend is not published.

But, as a matter of fact, this Company is not paying anything like ten per cent. on the average, as the amendment to the Company's Act, passed in 1887, renders it obligatory to dispose of all new stock by public auction, and that the premium be added to the reserve fund. As this reserve has largely been invested in the erection of works, and in the business of the Company, it is practically capital, and, at the average premium at which the \$700,000 new stock was sold—83.04—this stock costs the Company but 5.65 per cent. per annum, and reduces the average dividend upon the whole amount of stock issued to 7.59 per cent.

Now as to the charge that the Company has an unnecessarily large reserve fund, and is piling up money to the disregard of the interests of the gas consumers. In the first place, by the Act of 1887, the Company is authorized to have a reserve fund amounting to 50 per cent. of the paid up capital, and no one should complain of the Company claiming its rights, especially in view of what has just been said regarding the source from which the reserve has largely been made up, and its investment. To make this plainer:

The total amount of reserve is.....	\$825,625 06
Derived from premium on stock.....	538,349 19
Derived from profits of the Company.....	\$287,275 87

or less than 17 per cent. on the capital. Surely no one can reasonably claim that \$287,275.87 is an excessive accumulation, after 47 years of business, considering that from the beginning, the dividends have been limited to 40 per cent., that only 8 per cent. was paid for a number of years, and that, as shown, the dividends on all new stock issued since 1887, have been practically reduced to about 8½ per cent.

The subject of making further reductions in price, is really a matter for the consideration of the Directors; but I may be permitted to say, that in my opinion, it would be a grave mistake to be coerced into making further reductions, by the random statements and baseless charges of a newspaper, or to make any reduction which the prospects and circumstances of the Company do not warrant. It is an easy thing to lower the price, but a difficult one to raise it. Already, as has been shown, the gas consumers have been treated fairly, indeed most liberally, by the Company. No one can dispute this, in view of the facts which I have given.

The most improved apparatus has been adopted, and, as far as can be ascertained, in no other place in America are better results obtained than in Toronto. As much effort has been put forth, in the adoption of improvements, and in making the gas at the lowest possible cost, as if the increased profits went into the pockets of the Stockholders, in the shape of increased dividends, instead of in the reduction of the price of gas.

It will be seen from the statement, that after the payment of dividends and interest, and the deduction of \$50,000 for depreciation of plant (a very moderate deduction), but \$47,344.82 remained to be carried to the reserve fund, that the cost of repairs and renewals amounted to \$68,872.74, or more than \$20,000 over the balance of profit that the amount to the credit of the plant and buildings renewal fund is \$21,547.02 less than it was October 1, 1893, and that the increase in the reserve fund is solely from premiums on stock. I draw the attention of the Stockholders to this, to show the need that exists for observing caution before making further reductions in price, which I am sure every Director is desirous of effecting whenever the circumstances of the Company will warrant them in doing so.

On motion of Mr. G. R. R. Cockburn, seconded by Mr. W. S. Lee, Messrs. W. E. Sampson and Thomas McCracken were unanimously appointed auditors for the ensuing year.

Mr. Robert Gilmore 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. Gilmore, Geo. Gooderham, James 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.