

# Ottawa Items from Railway and Shipping World - 1919

01-Jan-1919 Page 15 Beachburg

We are officially advised that a contract is about to be let for the erection of a steel bridge at mileage 147.4 on the Pembroke sub., where the Little Madawaska River enters Trout Lake, 10 miles east of Brent, the divisional point in Algonquin Park. The two abutments are 15 ft. and 17 ft. high respectively, and rest on very hard, compact sand and gravel formation about 6 ft. below the river bed. The superstructure will consist of a 68 ft. through plate girder span. The existing structure is a 6-span pile trestle bridge. The new bridge is being built in line with the company's policy of replacing wooden structures with more permanent work but its construction is being hastened owing to the fact the lumber companies wish to drive logs down the river in the spring, and the railway wants to give them a proper clearance for their drive.

01-Jan-1919 Page 34 Ottawa Electric

Application to Board of Railway Commissioners for fare increase. The company desired the new tariff to come into force Nov. 15 but at the hearing Nov. 18, the tariff was suspended, and after hearing part of the argument, the further hearing of the case was postponed until Dec. 2. On that date F.H. Chrysler K.C., for the company put in a statement showing for the line in question a car mileage of 69,801 miles; cost of operation, \$11,529.38; revenue, \$5,196...34; deficit, \$6,333.04 for the two months ended Oct. 15, 1918. The representatives of the municipalities were heard at length and the commission reserved

01-Jan-1919 Page 37 Ottawa Electric

Purchase of Ottawa Electric Ry. by the city.

The Ottawa City Council, after having had under consideration for some time the question of a new franchise for the OERy., or its purchase by the city, has decided to submit three questions to be voted at the municipal elections on Jan. 6, as follows:

If not earlier acquired, are you in favor of the City of Ottawa acquiring the property and assets of the Ottawa Electric Ry. at the expiry of its franchise in 1932, by arbitration, as provided by the agreement between the city and the railway?

Are you in favour of the City of Ottawa acquiring the property and assets of the Ottawa Electric Ry. by arbitration, as provided by the agreement between the city and the railway, at such date prior to 1923, as may be mutually agreed upon?

Should the Ottawa Electric Ry. be acquired by the corporation, are you in favor of it being managed by an appointed commission?

01-Jan-1919 Page 40 Hull Electric

The Hull Electric Ry. during 1918, laid 0.593 mile of new track on St. Joseph Boulevard, Hull, from Montcalm St. to Montclair Ave., and reconstructed 0.734 mile of old single track on Montcalm St., from Main St. to St. Joseph Boulevard, the new line being a double track one.

01-Feb-1919 Page 70 Central of Canada

In connection with the winding up of the affairs of this railway, the rather ambitious projects of which ended up disastrously, application is being made to the Board of Railway Commissioners for a recommendation for confirmation by order in council of agreements of sale between the company and the following companies:- Central Counties Ry., Ottawa Valley Ry., Ottawa River Ry., Carleton (sic) and Grenville Ry., St. Agathe Branch Ry., and Ottawa River Navigation Co. The agreements were signed by the president and secretary of the respective companies in Sept. and Oct. 1911. Copies of the agreements can be seen at the office of the receiver, F. Stuart Williamson, 103, St. Francois Xavier St., Montreal.

01-Feb-1919 Page 73 Waltham

The CPR, on Jan. 6 began the operation of its Waltham subdivision trains into central Station at Ottawa, instead of into the Broad Street station as heretofore.

01-Feb-1919 Page 80 Montreal and Ottawa

A.F. Chapman, conductor on the CPR Montreal-Ottawa trains, has retired under the pension rules after 30 years service. On behalf of the company, A.D. MacTier, Vice-President, Eastern Lines, presented him with a watch and an annual pass over the system for himself and wife, on Jan. 9. E.W. Beatty, President, wrote to him a letter stating that for the past 30 years he had occupied the position of conductor in a manner which reflected credit on himself and the road.

01-Feb-1919 Page 80 Beachburg

Little Madawaska River bridge. We are officially advised that the contract for the construction of the abutments for the bridge over the Little Madawaska River, mileage 147.4, Pembroke sub. has been let to the Hyland Construction Co., Toronto. The steel superstructure is to be supplied from another point on the Canadian Government Railways.

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Ottawa Electric Ry. snow dumping motor truck.

The accompanying illustration shows one of 25 snow, box, dump motor trucks which the OER is using for the rapid and economical removal of snow from streets on which it operates.

As shown in the illustration, special plank driveway are built, so that the snow can be dumped without being shoveled out. The system has proved very successful this winter up to date, and promised great efficiency in both expedition and economy. The truck was designed by the company's Assistant Superintendent, J.M. Ahearn.

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The three questions submitted by Ottawa City Council to the ratepayers, at the municipal elections Jan. 5, as to the OER were answered in the affirmative by large majorities. Following are the questions with the vote on each.

If not earlier acquired, are you in favor of the City of Ottawa acquiring the property and assets of the Ottawa Electric Ry. at the expiry of its franchise in 1932, by arbitration, as provided by the agreement between the city and the railway?

Yes, 8,174. No, 2,700. Majority, 5,474.

Are you in favour of the City of Ottawa acquiring the property and assets of the Ottawa Electric Ry. by arbitration, as provided by the agreement between the city and the railway, at such date prior to 1923, as may be mutually agreed upon?

Yes, 8,770. No, 2,309. Majority, 6,461.

Should the Ottawa Electric Ry. be acquired by the corporation, are you in favor of it being managed by an appointed commission?

Yes, 8,943. No, 2,008. Majority, 6,935.

01-Mar-1919 Page 128 Smiths Falls

An Ottawa press report of Feb. 18 says that the company's shops at Rideau Jct., Ottawa, will be closed before long, and that new shops will be erected in the north bank of the Rideau Canal, within the city limits. A site of over four acres is reported to have been secured for this purpose.

OER refused increases in suburban fare by Board of Railway Commissioners.

Sir Henry L. Drayton, Chief Commissioner, Board of Railway Commissioners, gave the following judgment Feb. 10:

-The applications of Westboro Police Village and Nepean Township, for an order disallowing the Ottawa Electric Ry.'s proposed tariff C.R.C. 5, published and filed to become effective Nov. 18, 1918, were heard jointly in Ottawa on Nov. 18, 1918, and Dec. 2, 1918. At the close of the hearings further statistics were to be filed. These have since been filed, and the matter is now ripe for adjudication. At the hearings the City of Ottawa intervened, as well as certain property owners, in support of the applications of Westboro and Nepean for the disallowance of the tariff. The tariff complained of provides, inter alia, for fares on the following basis:-

Cash Fares Between 6 a.m. and 12 Midnight.

.....Adults Children under 10

Within zone 1, 2, 3 or 4..... 5 cents 3 cents

Between zone 1 and zone 2 or 3 10 6

Between zone 1 and zone 4... 15 9

Between zone 2 and zone 3... 15 9

Between zone 2 and zone 4... 10 6

Between zone 3 and zone 4... 20 12

Between 12 midnight and 5.30 a.m., double the above fares.

Special Tickets.

Between zone 1 and zone 2 or 3..... 3 tickets 25c

Between zone 1 and zone 4.....2 tickets 25c

Workmen's Tickets.-Good only within zone 1, from first morning trip until 7.30 a.m., and between 5 and 6.30 p.m.: Thirty-three tickets \$1; eight tickets 25c.

School Children (under 14 years of age).- Good only between 7 and 9.30 a.m., 11.30 a.m. and 1.30 p.m. and 3.30 and 5 p.m.: Forty tickets \$1-One ticket for each zone travelled.

Sunday.-Seven tickets 25c. One ticket for each zone travelled.

Limits of Zones.

Zone 1-Within municipal limits of City of Ottawa and beyond to the Experimental Farm and to Cloverdale Ave. on Rockcliffe line.

Zone 2-West of zone 1, to and including Mc-Kellar.

Zone 3-East of Cloverdale Ave. to and including Rockcliffe Rifle Range.

Zone 4-West of McKellar, to and including Britannia-on-the-Bay.

This tariff was suspended by the board's order 27830, and the old tariff still remains in force and effect. The new tariff would radically change the fare basis. As matters now stand, to give an extreme illustration, a passenger is carried from Britannia-on-the-Bay to the rifle range, involving a movement of 11.70 miles, for a fare of 5c. It is obvious that if the company was operating only for such a distance and at such a rate, its operation could not continue; the return is not compensatory, the actual cost of operation is much greater. On the other hand, under the company's proposal, for the same trip a fare of 20c would have to be paid, an increase of 300%. The old rate, approximating 0.43c a mile, becomes approximately 1.71c. This again, heavy as the increase is, would be well below the recognized standard mileage rates were this company a radial company, and not really an urban system with feeders.

Another movement, not so extreme, but still long, is that from Britannia-on-the-Bay to the corner of Rideau and Charlotte Sts., 8.68 miles. Under the proposed tariff the old rate of 5c now applicable would become 16c, and the return per mile of 0.576 would be increased to 1.72c.

The company has filed statements which clearly establish that the operation of the extension to Britannia, standing by itself, is not remunerative. If the operation of this line can be so considered, it is clear that the company is entitled to an increased remuneration for the service it performs on it. The determination of this issue is attended with difficulty. The company operates in Ottawa under agreement with the city dated June 28, 1893. The company's franchise expires Aug. 13, 1923. The rates which the company desires to put into effect in each zone, are the rates reserved by the agreement, paragraph 46 of which reads:-

"46. No higher fare than 5c shall be charged for the conveyance of one passenger from one point to another on the said line, and branches thereof, within the present city limits, and for children under 10 years of age no higher fare than 3c shall be charged except between the hours of 12 o'clock midnight and 5.30 a.m."

It will be observed that the contractual fare limitation applies merely to the limits of Ottawa as then constituted. Ottawa's boundaries in 1893 were, on the east, at the material point, viz., on the line running to the rifle range - Riverside Terrace, the city limits practically ending with the grounds of Government House, Lisgar Road, and Maple Lane. These easterly boundaries have not been extended. The other material boundary is to the west. Along the line of Somerset St., where the cars run, this boundary was Bayswater Ave., the general western boundary being the C.P.R. right of way up to Somerset St., when a jog was made to the west and the line continued up Bayview Road north. On July 27, 1907, the city's western boundary south of the G.T.R. and north of Caroline Ave. was extended to Holland Ave. On Dec. 19, 1907, the city was again extended to the north of the G.T.R. and south of Scott St. to the present westerly city limit. The route to Britannia ran through the territory covered by this annexation. The new western city boundary respiting from this annexation is described in the evidence as the division line between Lots 33 and 34 in the 1st Concession, Ottawa Front, of Nepean Tsp., along the company's line to Britannia. This new boundary is some 2,000 ft. west of Holland Ave. The city's westerly boundary was squared off by the annexation of Feb. 4, 1909, which extended part of the city lying north of Caroline Ave., and 1 south of the G.T.R. tracks to the prolongation of the westerly boundary of the territory annexed Dec. 19, 1907.

The section of the Ottawa agreement above set out, confined as it is to the old city boundaries, does not apply to the territory covered by these annexations. The company, in a further agreement of April 8, 1895, made with the city, contracted to build, equip, and operate the line to the Experimental Farm. The resolution of the city council of April 1, 1895, adopted by the agreement and referring to the branch to the Experimental Farm, reads:

"2. That the company be bound to have a line of railway fully equipped and in operation from the city to the Experimental Farm, before the end of the present year (1895), and that the company be allowed to charge only city rates for any passenger from any point within the city limits to the Experimental Farm (or any intermediate point), and the same rates from the farm (or any intermediate point) to any part of the city."

The route to the farm, as provided in the agreement relating to it, was not followed, and the line as today operated to the Experimental Farm runs from the Britannia line south along Holland Ave. to and along Carling Ave., and thence to the Experimental Farm. The company does not seek to raise the rates to the Experimental Farm; it is included in zone 1, the company admitting that the rates of fare are governed by agreement, and are not sought to be advanced. In like manner the territory annexed Dec. 16, 1907, which consisted of the former Village of Hintonburg, is, as far west as Holland Ave., included in the same zone. Here again rates are covered by the agreement of May 11, 1895, the company's agreement with Hintonburg containing the following provision:

"37. No higher fare than 5c shall be charged for the conveyance of one passenger from one point to another on the said line and branches thereof within the present and any future limits of the Village of Hintonburg. and from thence to any point within the present limits of the City of Ottawa or to the Experimental Farm, and for children under 10 years of age no higher fare than 3c shall be charged, except between the hours of 12 o'clock midnight and 5.30 a.m."

The principle on which the company has constructed its first zone, makes it applicable, not only to Ottawa as constituted in 1903, but as extended on the east to Cloverdale and on the west through the former Municipality of Hintonburg to Holland Ave. I am of the opinion that this zone in any event cannot stop at Holland Ave. On the other hand, it must be continued to the present existing city limit. The company's agreement with Hintonburg limits the rate to 5c, not only within present and future limits of the village, but from it to any point within the then (1907) limits of the City of Ottawa, or to the Experimental Farm. Hintonburg was to get Ottawa rates. On the evidence Hintonburg's westerly limit was not Holland Ave., but was the division line which now constitutes the westerly city limit already described. In any event, bound as the company is by its Hintonburg agreement, zone 1 ought to extend to the present westerly city limit, which coincides, as stated, with the limit of the old Municipality of Hintonburg. It is clear that the company's operations to the Rifle Range on the

east, past the easterly city limit, and to Britannia on the west, past the westerly city limit, are not in any way bound by municipal agreements, and are not subject to municipal rate limitations.

Mr. Proctor, who appeared for Ottawa, urged that as the company's general operations showed a good return, that notwithstanding the loss on the extensions, the board ought to level up rates, having regard, doubtless, to expenses on the one hand and profits on the other; and that when increasing fares on the extensions the city rates should be reduced to a more reasonable basis. Such action is not open to the board. The city, as well as the company, is bound by the agreement. In my opinion, Mr. Proctor's argument that the effect of the municipal agreement is only to provide that the company cannot charge more than a certain amount, and that the board can reduce it, is not tenable. The municipality and the company agreed that rates should not be higher than the amount stipulated. As between the city and the company, rates within the amount stipulated are accepted, and are just and reasonable. The company has the right to charge them.

Following the board's practice, notwithstanding the city's agreement, on a proper case being made out for reduction, generally speaking, the board's jurisdiction would enable it to reduce, the rate. The scheme of the act is that rates shall be just and reasonable, and if under an agreement the carrier is getting more than a reasonable rate, beyond question the board ought to reduce that rate; and, conversely, if the agreement has not reserved a rate just and reasonable, and discrimination has resulted, it is the duty of the board to increase it. While, therefore, under the general rule, effect could be given to Mr. Proctor's contention, no such action can here be taken, because the Dominion Parliament, whose legislation absolutely binds the board, has confirmed the agreement. Section 2 of the Dominion act of 1894 provides: "The agreement between the said companies and the Corporation of the City of Ottawa, dated June 28, 1893, and set out in schedule B to this act, is hereby ratified and confirmed." The board's general jurisdiction is bound by this special act. The same question was considered by the board having reference to the Crownsnest Pass agreement in the Increase in Passenger and Freight Tolls Case, reported in 22 Can. Ry. Gas. 49. Similar effect was given to municipal agreements in Hamilton Radial Electric Co. v. Hamilton et al, 23 Can. Ry. Gas. 114.

I now deal with the Britannia-on-the-Bay service. The evidence shows that this line commenced its operations May 24, 1900; that the company charged an extra fare beyond Holland Ave. for three or four years; and that the company then exacted the extra fare only for the winter months, and in 1908 abandoned the extra fare altogether. Operations have since been carried on subject to the company's general tariff applicable to Ottawa. The extension to Britannia was authorized by the Dominion Act of 1899, c. 82, which provides that the company may, as an extension of its present railway, construct and operate a railway from some point on its present railway, in Hintonburg or Nepean, to some point at or near Bells Corners, in Nepean Tsp. Mr. Proctor contends that the operation of this line is purely optional on the company, and that as it is optional the company is not in a position to come to the board for relief; that the company is not in a position to say that service must be given, and that the board should therefore allow a just and compensatory rate. If this principle be adopted, the result would be that when the line would be remunerative, that is, during the summer, a service would be given and no service at all in the spring, autumn or winter. While this result would work little or no inconvenience to those living in Ottawa, who would be able to get out to the Britannia summer resort when they desired to go, for the single fare. It would work a direct hardship on all residents on the line, Westboro and west. Relatively a very considerable population (although insufficient to support the car service at the present rates) is served the whole year round by the line. Its operations ought to continue. The wording of the act, as I view it, does not relieve the company from its duty to operate. The wording is usual. No railway act of incorporation provides that the railway shall be built. Permission is simply given to build and operate, tout when once the line is built and the company is solvent and can operate, the statutory duty to operate applies. In any event, if the line is not to be run regularly and with a proper service, the only alternative would be its complete abandonment and removal. No railway company should be permitted to operate a line for a given short period of the year only, and decline to operate it for the remainder, when against public interest.

Rates of fare not being determined, it becomes necessary to ascertain the company's position having regard to Dominion control. The company's original incorporation is an act of the old Province of Canada, 1866, c. 16. No reference is made in the statute to any regulative tribunal or general act, but the directors of the company are given power and authority to "make, amend, and repeal, and re-enact all such bylaws, rules, resolutions, and regulations as shall appear to them proper and necessary, touching the fares to be received for passengers and freight transported over the railway, or any part thereof, the intervals of time in running each car, the time within which, on each day, the cars shall run, the speed of running the same...."

The railway at this time being entirely local, jurisdiction over it after Confederation rested in the Ontario Legislature, and that legislature amended the act of incorporation by its statute, c. 45, in 1868. Under this act a number of clauses of the Railway Act of the old Province of Canada were made applicable. No clause made applicable, however, covers the regulation of fares and tolls. The measure of public control over railway fares, provided by the Railway Act in force at the time of the company's incorporation and when this amending act was enacted, and being Consolidated Statutes of Canada, 1859, c. 66, is contained in the following provisions:

"118. The legislature of this province may from time to time reduce the tolls upon the railway, but not without consent of the company, or so as to produce less than 15% per annum profit on the capital actually expended in its construction; nor unless, on an examination made by the Commissioners of Public Works, of the amount received and expended by the company, the net income from all sources, for the year then last passed, is found to have exceeded 15% upon the capital so actually expended."

"151. The by-laws of every railroad company regulating the tolls to be taken on such road, in the special act respecting which a provision has been inserted that such railroad should be subject to the provisions of any general act relating to railroads, shall be subject to the approval of the Governor in Council, and no bylaw of any railroad or railway company in this province by which any tolls are to be imposed or altered, or by which any party other than the members, officers, and servants of the company are intended to be bound, shall have any force or effect until the same has been approved and sanctioned by the Governor in Council."

As already pointed out, sections of the Railway Act incorporated do not include the above provisions. On the other hand, they are expressly excluded, the special act providing that no other clause, except the clauses mentioned, shall apply. As a result, under the two special acts of 1866 and 1868, the whole question of fares to be charged for both passengers and freight transported was left to the regulation of the directors' bylaws. No parliamentary or other public regulation was provided.

In 1892, the company contemplating its extension across the river into Hull, an act was passed by the Dominion Parliament, c. 53, which contains the declaration to the effect that the company's undertaking is declared to be a work for the general advantage of Canada. The usual effect of the declaration is to give the Parliament of Canada full jurisdiction over the company and its undertaking, and to make the Dominion Railway Act in its entirety applicable.

This result is, however, qualified, by a provision that:

"The operation of so much of the company's line of railway as may be within the Province of Ontario by any new or additional powers covered by this act, shall be subject to the statutes of Ontario in force from time to time in relation to street railways, and the operation of so much of the said line of railway as may be within the Province of Quebec by any new or additional powers conferred by this act, shall be subject to the statutes of Quebec in force from time to time in relation to street railways."

This act again makes specific sections of the Railway Act applicable. In view of the well known effect of the declaration of the general advantage of Canada, it is difficult to account for this action, unless the incorporators desired the specific reference, or the intention was to exclude the company and railway from unnamed sections, and among others the sections empowering the board to regulate fares. All doubt, however, which might arise as to whether or not the board had jurisdiction under the Railway Act to regulate the company's tolls was removed by the subsequent act of the Dominion, 1894, c. 86. Sec. 7 of this act declares the company's lines to be works for the general advantage of Canada, and the Ottawa Electric Ry. Co. to be a body corporate, subject to the legislative authority of the Parliament of Canada. This absolute declaration would also appear inconsistent with the exceptions reserved in favor of provincial jurisdiction, in the statute of 1892.

A further act of the Dominion, however, 1899, c. 82, was also passed on the company's petition, this act being the act already referred to as authorizing the construction of the Britannia line. For some reason which is not at the moment apparent, again, certain sections of the act were made specifically applicable, sec. 3 of the statute reading:

"Sections 90 to 172, both inclusive, of the Railway Act, and such of the other sections of the said act as are applicable, shall apply to the company with respect to the said extension."

In view of the declaration contained in the act of 1894, the company in all its operations was subject to the provisions of the Railway Act. The provisions of the act of 1899, making specific sections of the act applicable, does not of necessity, in view of the circumstances, relieve the company from the operation of the act generally. The promoters of the legislation may have desired, and parliament may have enacted the specific sections merely for greater certainty. The board ought not to find the provisions of the act of 1894 repealed by implication without some very strong reason. The apparent inconsistency now considered in my opinion is not sufficient. Sec. 5 is of special importance, in that parliament thereby recognizes as continuing the provisions of the act of 1892 and which reserves a limited provincial control. In 1899 parliament thus treats as existing, and legislates on the supposition, rights reserved to the provinces by the act of 1892.

I am of the opinion that all these special acts have to be read together, and that they should be so read as to give effect, where possible, to the provisions of all. I therefore find that the company is under the control of the Dominion Parliament and subject to the provisions of the Railway Act, subject to the exception made in the statutes of 1892. The result, therefore, is that the actual operation of the company's line in Ontario, by any new or additional powers conferred by the act of 1892, is subject to the statutes of Ontario in force from time to time in relation to street railways. The new and additional power granted by this act, and having reference to operation, is the authority which has since been exercised by the company to operate the railway by the force and power of electricity. As a result, subject to the modifications worked by the Dominion acts of 1892 and 1899, the company and its railway, apart from the electrical operation, are subject to the board's jurisdiction, and the electrical operation of the railway only is subject to provincial law. As a result, I find that the board is properly seized of the present case.

Under the Railway Act, the same company may have different rates on different parts of its system, where traffic and operating conditions and construction costs are dissimilar; for example, railway tolls are justifiably higher in a mountainous district, where cuttings and grades are heavy, and as a result the cost of construction and operation is greater than in other districts. Again, the tolls may be greater where traffic density and diversity differ. Rates on a branch or lateral line may be justified, although higher than those of a main line, with greater traffic and although owned by the same company.

*Almonte Knitting Co. v. C.P.R. and M.C.R.R.*, 3 Can. Ry. Gas. 441.

These considerations apply to railways which give a measured service, and receive a measured rate, reasonable and just for the service rendered. No case has heretofore arisen requiring consideration as to whether or not such principles can be applied to a city street railway, although possessing an outside feeder, and which does not give a measured service for a measured rate, but on the other hand applies a flat rate to all using its facilities, and without regard to the actual value of the service rendered, for which a particular fare is paid. The conditions applying to the tolls and tariffs of the railway systems of the character contemplated by the Railway Act, and considered in the board's past decisions, are so different to the conditions surrounding the operation of the Ottawa Electric Ry., that previous decisions of the board are easily distinguishable. In the case of a measured service, finding as I do that the service on the branch line of itself is not at the present remunerative, the company's other tolls would in such case be subject to reduction, in case the revenues of the branch were increased, and the company's general revenue from transportation greater than it ought to enjoy.

The Britannia line forms part of the company's general investment. As previously stated, the line was constructed in 1899 and operated on and after May 24,

1900. In 1899 the company's capital was \$814,000, its funded debt \$310,000, and its current liabilities \$107,553. In 1900, while the capital was the same, the funded debt was increased to \$500,000 and current liabilities reduced to \$50,436. In the absence of exact information on the point, it would appear that the construction of the line was financed, at least in part, by the addition of the funded debt. The stock issue and funded debt remained constant until 1903, at which time the capital was increased to \$995,700 and the current liabilities reduced to \$33,601. In 1905, the capital issue was again increased, amounting as it then did to \$998,200, while the current liabilities amounted to \$120,566. In 1908 the capital was increased to \$1,247,700, and the current liabilities then amounted to \$210,394. In 1912 the capital had increased to \$1,876,900, and the current liabilities were \$136,909. The funded debt still remained at \$500,000.

It will be observed that the construction of the Britannia line caused no particular change in the capital account, but that account has varied quite as sharply as when the line was built. The investment became, and is, part and parcel of the company's general investment in its transportation undertaking.

The company, in support of its application, shows that, in view of greatly increased cost of operation, conditions have changed, and urges that increased fares have become necessary. Undoubtedly all costs have greatly risen. War conditions have brought about abnormal conditions. Transportation companies have been injuriously affected to a very marked degree. The Ottawa Electric Ry. has suffered from general increased costs, in common with other companies and business concerns. Some of these increased costs, at any rate, were more marked during the period of active hostilities than they are today.

I now consider the effect of the active war period on the company.

The year ended June 30, 1913 (the date as of which the company has to make its statutory return), may, as I think, be looked upon as normal. The last return made to the Railways Department is for the year ended June 30, 1918. A perusal of the reports filed with the department shows that during this period the company maintained its position, having regard to both its balances and dividend payments. While there was no new issue of stock, the mileage operated increased from 47.7 miles to 52.82 miles. The funded debt in 1913 was \$500,000; in 1918 it had been reduced to \$410,000. In 1913 the company's reserves were \$210,000; in 1918 they were \$558,076. As against this, the company's current liabilities in 1913, of \$520, grew to \$400,056 in 1918. This increase in current liabilities, in the absence of any increase in funded debt or capital, may well be accounted for by the fact that the company's return of cash spent in construction and equipment, less deductions, which it made in 1913, amounted to \$2,725,778, while the total returned in 1918 had increased to \$3,370,368, an increase of \$644,500. In 1913 the company commenced its operations with a surplus of \$203,500, and after paying the usual dividends and interest, as well as \$69,000 transferred to contingent account, increased its surplus by \$13,259. In 1918 the year's operations commenced with a surplus of \$47,589. The company paid the usual dividends and its interest charges, and transferred \$110,000 to depreciation reserve, but decreased the surplus it commenced the year with by \$29,929. The results of the respective years' business differ but slightly. In so far as surpluses are concerned, 1913 has the advantage to the extent of \$43,188, while in 1918 transfers to other accounts exceeded 1913 by \$41,000.

In so far as the company's balance sheet is concerned, admittedly an increased floating debt has the drawbacks inherent to such liabilities. Nevertheless, the railway property operated has increased over 10%. The funded debt has decreased \$90,000; the reserve, apart from any consideration of specific depreciation reserves, or the contingent account, has increased \$348,076. On the other hand, the increase in current liabilities is \$399,536, and the surplus remaining on hand at the end of the year decreased \$186,831. To recapitulate, the company's returns support the following conclusions as to changes worked in the company's position between 1913 and 1918:

Decrease in funded debt.....	\$	90,000
Increase in reserve or surplus.....		348,076
Increase in construction and equipment account. . . . .		664,590
		\$1,082,606
Increase in current liabilities.....	\$	399,536
Decrease in yearly balance.....		186,831
To balance .....		496,299
		\$1,082,666

In other words, after maintaining a 15% dividend and all interest on its funded debt, the company's returns show it to be \$496,299 better off on June 30, 1918, than it was before the war. Another method of estimating the company's prosperity is that afforded by the operating ratio, which expresses the percentage of operating expenses to receipts. The company's annual reports to its shareholders gives the operating ratio for the calendar year 1899, at 57%. The same return is made for 1900, but as at that time a special charge was made for the Britannia service, the effect of the Britannia operation without the payment of fares cannot be illustrated. For the calendar year 1901, with fares charged on the Britannia line, a percentage of 63% is shown, dropping to 60% in 1902, and in 1904 rising again to 62%. It was about this period that the company carried passengers on the Britannia line without an extra fare, during the summer. For the calendar year 1905 the ratio was shown as 59 2/5%. Some time in 1908 the company ceased making any extra charge on the Britannia line. The operating ratio in 1908 was 66 2/5%; in 1909, 63 1/2%; in 1912, 57 1/5%; in 1913, 60 2/5%; and for the calendar year 1917 the operating ratio had dropped to 56 4/5%.

The company, however, since the last return was made to the government, has been obliged to make a large increase in its wage account. The evidence shows that the wage increase, calculated on the actual payments for Sept. and Oct., 1918, and compared with the same months of 1917, amounted to an increase of 28%, while the total expenses showed an increase of 30%. It is, of course, impossible to deny the grave effect of the increase, but the company is, on the other hand, in receipt of increased revenues. It no longer sells 6 tickets for 25c. As a result of the change in the rate basis, which under its contract the company was able to make, the average fare paid per passenger has increased from 4.19c to 4.71c, an increase of 0.52c. If the company's volume of traffic is maintained, this increased revenue will go a long way in recouping increased expenses. The returns of Sept. and Oct., 1918, are undoubtedly disappointing, but these months cannot be considered characteristic - the influenza epidemic was then at its height - not only were many people ill and unable to be about, but those who could, were urged to keep out of street cars and all crowded places.

Much has been said of the London and Port Stanley and the Hull Electric cases. They do not apply. The circumstances were, and are, entirely different to those of this case. London was netting less than 2% on its original investment, and the Hull Co. operating without profit.

It is undoubtedly in the public interest that railway companies should be prosperous, and their operation remunerative. With impoverished companies, service always suffers, and the rails, rolling stock, and equipment rapidly deteriorate. Happily, in the present case, the company has been, and is, prosperous and well managed, the plant well maintained, and perhaps the 'best service in the country afforded. All of this is in the best interest of the public; it is also in the best interest of the company, whose careful and efficient management has resulted in large dividend earnings, as well as a proper service. As a result of the view I take of the general issue, it is unnecessary to discuss the line to the Rifle Range in any detail. It is hoped and expected by many that costs will shortly decrease. However this may be, the company has failed to show that it requires increased revenues. I would disallow the suspended tariff.

The foregoing judgment was concurred in by Deputy Chief Commissioner Namtel and by Commissioners McLean, Goodeve and Boyce.

01-Mar-1919 Page 142 Ottawa Electric

Ahearn & Soper Ltd. wrote the Mayor of Ottawa towards the end of January as follows:- "Your favor of Dec. 13, 1918, advising us that the board of control would be pleased to have us place a price upon the street railway property, was received upon the eve of the civic election at which the question of the city owning and operating the street railway was submitted to the taxpayers. Pending an expression by the ratepayers, we postponed replying to your communication, believing that an adverse opinion would render further negotiations unnecessary.

"It was our desire, as stated to your board, that the franchise should be renewed, and we have only decided to make a recommendation to the traction company's shareholders because of the refusal of your board to consider a renewal of the franchise and because of the expressed wish of the majority of Ottawa ratepayers at the recent municipal election that the city should own and operate the road.

"Therefore, subject to approval by the Ottawa Traction Co., and to acceptance by the City of Ottawa on or before May 1 next, we will agree to assign to the corporation all the street railway properties at a price equal to par for the Traction Co.'s stock, which consists of 56,307 shares of \$100 each. The corporation to assume the unexpired portion of the franchise and such liabilities of the company as may exist at the date the corporation taking possession of the property. Payment to be made by the corporation by any one of the following options :-

1. Cash.
2. 5-year 5½% City of Ottawa bonds.
3. 10-year 5½% City of Ottawa bonds.
4. 20-year 5½% City of Ottawa bonds.
5. 30-year 5½% City of Ottawa bonds.

"The price submitted is in accordance with your letter of Dec. 4. You wrote: 'You will understand that if the company fixes a price it must be a real one. There is no room under the circumstances for any haggling. The price would either have to be accepted or rejected.'

"In our reply of Dec. 6 we wrote: 'We are fully in accord with your view as expressed above. The price to be named will be explicit and final.'

"The terms of this letter are without prejudice to the price of the street railway assets if assumed by the city at the termination of the company's franchise."

The city board of control then asked for further information as to the liability to be assumed by the city should the offer be accepted, to which Ahearn and Soper replied as follows: -

"The financial liabilities of the company today are: Bonds, 4%, \$400,000, current loans, \$370,000. The bond issue is being reduced by drawing from time to time. Current loans vary according to the needs of the company business.

"The business will be conducted during the period of the option in accordance with the company's established practice. No large capital expenditures are planned for the next three months, and we are advised by the acting Secretary-Treasurer that the item current loans will be approximately \$350,000 on May 1.

The company's dividends at the rate of 5% a year will not be exceeded during the period of the option. The company will permit inspection of its books and properties by your representatives."

The city council authorized the board of control to engage engineering, financial and legal assistance in connection with the matter, and it was announced

01-Apr-1919 Page 192 Smiths Falls

Tenders were recently received for the following works:-

For the construction of 7 abutments and one culvert between Sydenham and Ottawa on the Rideau sub

01-Apr-1919 Page 192 Beachburg

Tenders were recently received for the following works:-

For the construction of 2 concrete culverts and 2 concrete abutments at mileage 17.1 and 17.5 on the Pembroke sub.

Capt. F.D. Burpee, Superintendent, resumed his duties early in March, after an absence of three years, in military service. In 1894 he enlisted in the Carleton Rifled and afterwards was O.A.A.C. Co. of the 43rd Regiment, which he rejoined in 1915. He enlisted in the 207th Battalion, C.E.F., in Ottawa, in Feb. 1916 and assisted in recruiting the Battalion. He left for England as second in command in May 1917, and was quartered at Seaford, Sussex, where for a few days the battalion was broken up. He then transferred to the Canadian Railway Troops, reverting to the rank of lieutenant, and went to France July 7, reporting to the 5th Battalion C.R.T. at Arras. This battalion, like all other railway construction units, was employed all over the British front, seldom remaining more than four or five weeks on one job, and being constantly employed on repair and construction of narrow and standard gauge railways. The 5th battalion worked in front of Ypres in Oct. 1917, when fighting was practically continuous, and immediately after the capture of Zonnebeke was ordered to construct a narrow gauge line to that point. Later in the year this battalion followed the Third Army in the unsuccessful attempt on Cambrai, and worked in the vicinity of Hermes and Havrincourt for about six weeks. The last work the battalion was engaged in, prior to its return to England, was the reconstruction of the main line between Lille, France and Brussels, Belgium. This line had been destroyed by the enemy on retirement, the demolition being very thoroughly done. About 2 lb. of perdite was exploded at every second joint, and a mine, consisting of 4 or 5 shells of a special type for railway destruction was exploded in the grade at intervals. In other places the destruction was carried out by means of a track destroyer, consisting of a heavy rail bent into a hoop and slipped under the rail joint and attached to a number of locomotives by a steel cable. This, while it did not destroy the rail, twisted the track sideways, split all the ties and tore up the grade. One line was rebuilt with salvaged material, the second track being laid with new material brought up by train.

Women conductors on the KP&CRy. The KP&CRy. issued notice recently that no more women would be engaged as conductors. We are advised that the company has found women to be most satisfactory as conductors, that it is not discharging any of them, and that when their services are dispensed with entirely it will be due to the fact that there is an abundance of male help labor.

The OER has decided to appeal to the Supreme Court against the Board of Railway Commissioners decision given Feb. 10 declining to grant an increase of fares on its suburban lines.

Capt. F.D. Burpee, has resumed his duties as Superintendent, Ottawa Electric Ry., on returning from three years overseas service. See p. 198. Full details of his career.

The terms of the City of Ottawa's bill before the Ontario Legislature respecting the proposed purchase of the OER were approved by the city council Mar. 17. The bill gives the city power to enter into an agreement with the company for the purchase of its electric railway, subject to the approval of the ratepayers. The lines, if taken over, are to be put under the management of the city's hydro electric commission, the members of which are to be paid salaries to be fixed by the council. The value of the line and the property to be taken over is to be fixed by arbitration, and the money to pay for the same is to be raised by a loan. The line is to be taken over upon the expiry of the franchise in 1923. The city is also applying to the Dominion Parliament for authority to acquire the company's lines, franchises, etc., and authorizing it to "construct, maintain and equip an electric street railway in Ottawa, and by way of the Interprovincial Bridge to Main St., Hull. The company offers to sell the railway and all its holdings for \$6,500,000. The city has appointed the following to report on the respective values: Financial, T. Bradshaw, Finance Commissioner, Toronto; overhead wires, J.E. Browne, General Manager, Ottawa Hydro Electric Commission; water lots, etc., R.S. Keltch, C.E. Montreal; tracks, A.F. Macallum, City Works Commissioner, Ottawa. T. Bradshaw, Finance Commissioner has written the Mayor of Ottawa expressing grave doubts as to the wisdom of the city giving further consideration to the present offer. He says that if the citizens desire to acquire the enterprise their best interest will be served by waiting until 1923, when the franchise expires, and then acting in the terms of the existing agreement between the city and the company. One of the main reasons for this suggested delay is that the raising of a large loan would be necessary and as interest rates are falling the longer the city can delay floating the loan the less onerous the interest and other debt charges will be.

Replying to a question in the House of Commons Apr. 10, the Minister of Railways said plans in connection with the entrance of Canadian National Railways trains into the Central Station, at Ottawa, without running backward when leaving for Montreal, were under consideration.

The Dominion Parliament is being asked to authorize the construction of a line from the present terminus at Waltham through Waltham, Chichester and Sheen tps. across the Ottawa River to a junction with the CPR at Chalk River. The company also asks authority to increase its bonding power in connection with this line.

The Board of Railway Commissioners decided recently that the company had failed to make its case upon an application to have the franchises, assets, etc., of the Ottawa Valley Ry., the Carillon and Grenville Ry. and the Ottawa River Navigation Co. vested in it according to agreements, and that it would be manifestly against public interest and contrary to the spirit, if not the letter of the Railway Act, for the commissioners to recommend the Dominion Government to sanction the ratification of the agreements. The Central Ry. Co. of Canada is the survival of a pre-confederation project, initiated for the purpose of taking advantage of the Dominion land grant for the building of a line from Montreal to Georgian Bay. A short line was built many years ago, to which was awarded some part of the land, but this line was subsequently sold to the CPR. Some years ago the Ottawa Valley Ry. was incorporated, with which C.N. Armstrong of Montreal became associated and this branched out until the Central Ry. of Canada became its title. The existence of the old land grant was made use of in the flotation of bonds in England and this fact led to the canceling of the grant. The company made agreements to take over the Ottawa River Co.'s project, the old Carillon and Grenville Ry., and the Ottawa River Navigation Co., the two latter being worked in conjunction. As a railway company, some construction work was done in the vicinity of Hawkesbury, but financial stringency came, and the company and its contractors took legal action with the result that there were proceedings of various kinds - creditors meeting arrangements with bondholders, etc., in the course of which the right of way of the Carillon and Grenville Ry. was bought by the Canadian Northern Ry. The company applied to the Dominion Parliament in 1912, 1913 and 1914 for agreements referred to, but the bills failed to pass. A bill asking for an extension of time for construction of the company's projected railway from Montreal, via Ottawa to Georgian Bay, is before the Dominion Parliament, but in passing through the House of Commons, the power of the company to build any additional lines was done away with, and the bill left in such a form, as the Minister of Railways explained, would leave the bondholders to sell everything connected with the company to which any value could be attached. The company has an interest in two sections of line, viz. from South Glen Roberts (sic) to Hawkesbury, a total of 35 miles, which are leased to the Grand Trunk Ry., and it also owns the right of way from South Indian to Hawkesbury, and from there to St. Andrews to St. Agathe. In connection with the action of the City Safe Deposit and Agency Co. against the Central Ry. of Canada, the Exchequer Court of Canada had directed that all persons has directed that all persons having claims against the company shall file them with the registrar of the Court at Ottawa on or before Sept. 9. F.S. Williamson, 103, St. Francois Xavier St., Montreal, is the Receiver.

The petition of the Ottawa City Council for authority to purchase the Ottawa Electric Ry., came before the Ontario Legislature's standing committee at the end of March, and the committee reported to the legislature Apr. 1 that among other things, the petitioner desired to be authorized to enter into a provisional agreement with the Ottawa Electric Ry. Co., and with the Ottawa Traction Co., or that if they should approve of the same, to carry the same into effect, and in such an event that the petitioner be authorized to provide by bylaw, to be passed without obtaining the approval of the ratepayers of the city thereto, for issuing city debentures to such an amount not exceeding \$6,500,000, as might be required to provide for the payment of the sum agreed upon as the purchase price of the Ottawa Electric Ry.'s real and personal property, assets and franchises, whereas the notice said the bylaw providing for the issue of debentures for raising the before mentioned sum should be subject to the obtaining of the assent of the electors. The committee was informed that a portion of the paragraph of the petition relating to the issue of the debentures was omitted and that the paragraph appearing in the petition did not convey the petitioner's intention. The committee recommended that the private bills committee be directed to the difference between the notice and the petition, with regard to the assent of the ratepayers being required to the bylaws and that the bill be made to conform in this particular with the notice as published. The Ottawa City Council discussed the whole situation Apr. 7, when the board of control recommended among other things, that the council inform the company that the city was not prepared to purchase the railway at the price named. The council decided unanimously to withdraw the bill. In the course of the discussion it was stated that the city council would have to obtain power from the Quebec Legislature and from the Dominion Parliament to deal with the matter, as well as from the Ontario Legislature.

The Board of Railway Commissioners passed order 28230 on Apr. 14 allowing the Ottawa Electric Ry. to appeal to the Supreme Court upon questions of law. See data base on orders for wording. It is probable that case will be heard at the Supreme Court sittings, beginning on May 6.

F.D. Burpee, Superintendent, Ottawa Electric Ry., who returned recently from overseas service, has been elected a member of the Canadian Electric Railway Association's executive committee, succeeding the late Jas. D. Fraser, formerly Secretary-Treasurer, Ottawa Electric Ry.

The HER Company's employees, whose agreement expires April 30, applied for considerable advances in wages of men in all departments and this was followed by an application for a board of conciliation.

A press report of Apr. 26 states that the OER employees are preparing to ask for a substantial increase in wages. the present agreement expires June 1.

We are officially advised that the company is replacing 56 lb. Rails on 1.5 miles of its belt line in Hull, QC, with 85 lb.