

# Revenue Increase 5 Times Consumed By Leaping Costs

**Had Contracts Stood as Written, Amount in Excess of Ten Millions Would Have Been Added by 1937 to Cost of Purchased Electricity Development, Hydro Annual Report Discloses**

## UPWARD CURVE IS RECORDED IN SALES SINCE END OF YEAR

**C**OST of power purchased from Quebec companies for the Niagara system climbed from \$1,938,519 in 1929 to \$6,872,793 in 1934, and would have exceeded \$10,000,000 by the year 1937 had not the Ontario Legislature last week voted to cancel the contracts.



T. S. Lyon.

While the power purchases increased by \$5,234,186 during the six-year period, the total revenue of the Niagara system from all sources increased only \$879,872, or from \$21,664,808 in 1929 to \$22,534,780 last year.

These salient points are revealed in the twenty-seventh annual report of the Hydro-Electric Power Commission of Ontario, released yesterday over the signature of T. Stewart Lyon, Chairman of the Commission, and tabled in the Legislature by Attorney-General Arthur W. Roebuck.

### Reserves Increase.

The total reserves of the Commission increased during the past fiscal year by \$4,781,535, bringing the total of all systems to \$74,214,793, as against \$69,433,260 the previous year.

According to Chairman Lyon there has been a continuing increase in the power sales of the Commission since the closing of the books at the end of the last fiscal year.

"It has not," he remarks in his report, "been so great as the optimistic prophets of the former years believed it would be, but it has shown a steady upward curve. This has been true, especially in the Northern Ontario district, where much of the increase in the output of gold mining companies has been due to the provision made by the Commission for the sale of power at prices materially below those obtaining before the Commission entered the field in competition for mining power loads."

Revenue of the Commission from all sources increased during the past year by \$1,447,068, the total being \$22,543,780, against \$21,096,722 in 1933. During the past seven years the high revenue year was in 1930, when it reached \$24,467,322.

### \$287,000,000 Business.

The report of the Commission reveals that the sum invested in all Hydro properties and undertakings is \$287,475,736, made up as follows:

Niagara .....	\$208,626,540
Georgian Bay .....	8,427,278
Eastern Ontario .....	19,851,622
Thunder Bay .....	18,679,610
Manitoulin .....	35,472
Nipissing .....	22,751
Northern Ontario properties.	25,121,103
Railways .....	2,173,663
Office buildings, etc. ....	4,537,692

## 1,800 New Users Of Rural Hydro Added in Year

**Total Mileage to Farms  
Now Means  
10,000**

**M**ORE than 1,800 new rural users of electrical power were enlisted during the past year, according to the twenty-seventh annual report of the Hydro-Electric Power Commission of Ontario, released yesterday by the Chairman, T. Stewart Lyon.

During the year 190 miles of rural lines were constructed, bringing the total mileage at the end of the last fiscal year to 9,461.

An intensive campaign was carried on during the year to attract more rural users and studies were made during that period which had for their objectives the further reduction of rural rates.

Revenue from rural users during the past year amounted to \$2,832,671 with the total expenses being \$2,908,000. The balances were credited to each district or rural municipality.

The total reserves of the Commission and the municipal electric utilities for sinking fund renewals, contingencies and insurance purposes amount to \$74,214,793, as follows:

Niagara .....	\$55,092,547
Georgian Bay .....	3,153,898
Eastern Ontario .....	5,984,350
Thunder Bay .....	3,521,436
Northern Ontario properties...	868,608
Nipissing and Manitoulin ....	12,714
Office and service buildings and equipment .....	750,936
Bonnechere storage .....	5,417

Total .....	\$69,389,909
Railways (Guelph) .....	134,722
Insurance, workmen's compensation and staff pensions...	4,690,162

Ttl. reserves of Commission \$74,214,793

In connection with the Eastern system of the Commission the cost of purchased power has climbed from \$363,402 in 1928 to \$833,980 in 1934, whereas the revenue of the two above years has shown an increase of only \$29,000. In regard to the Georgian Bay system in the same two years the purchase power costs were \$13,677, as compared with \$43,832 last year, with a corresponding revenue increase of \$374,781.

Chairman Lyon pointed out that when a serious oversupply of power began to come into the various sys-

tems—chiefly the Niagara—arrangements were made for the resale of some part of this surplus to the Gati-neau Company at a price competitive with coal for the production of steam by electrically heated boilers. Other paper mills, extending across the Province from Cornwall to Thunder Bay, have become customers for steam-electric power. The revenue from this utilization of surplus power, which would otherwise have remained unused, was \$809,386 during the year under review.

### Capital Invested.

"The total capital invested by the Commission on behalf of the Province in the Northern Ontario properties is \$25,121,103.24," the report states, "and the accumulated reserves for renewals, obsolescence and contingencies aggregate \$868,608.88. The costs of operation for the year, including interest and the sum of \$220,309.02 set aside to renewals and contingencies reserves, were \$1,576,065.07. The costs exceeded the revenues from customers supplied with power from the Northern Ontario properties by \$337,754.07, which amount, in accordance with the governing agreement, is charged to the Province, subject to repayment out of any future surplus earnings of the properties."

Commenting on extensive changes in the personnel of the Commission employees, involving the release of several chief officials, the Chairman says: "It is my opinion that these changes have promoted rather than retarded the spirit of good-will and co-operation that must exist in an organization so complicated and so large as that of the Hydro-Electric Power Commission of Ontario, if the best possible service is to be rendered by the members of the staff."